

SCHEDULE A

ANNUAL BUDGET AND

SUPPORTING DOCUMENTATION

OF MOSES KOTANE LOCAL

MUNICIPALITY

2017/18 TO 2019/20

Adopted by Council on 31 May 2017

Council Resolution 235/05/2017

31/05/2017

ANNUAL BUDGET OF
MOSES KOTANE
LOCAL MUNICIPALITY
NW 375

2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
 - **At www.treasury.gov.za**
 - **At www.moseskotane.gov.za**

Table of Contents

ANNEXURE A	
PART 1 – ANNUAL BUDGET	1
1 MAYORS REPORT	1
1.2 COUNCIL RESOLUTIONS	15
1.3 EXECUTIVE SUMMARY	16
1.4 OPERATING REVENUE FRAMEWORK	19
1.5 OPERATING EXPENDITURE FRAMEWORK	29
1.6 CAPITAL EXPENDITURE	35
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	37
PART 2 – SUPPORTING DOCUMENTATION	56
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	56
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	59
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	65
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	72
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	74
2.6 OVERVIEW OF BUDGET FUNDING	77
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	92
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	94
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	97
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS	105
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	106
2.12 CAPITAL EXPENDITURE DETAILS	107
2.13 LEGISLATION COMPLIANCE STATUS	123
2.14 OTHER SUPPORTING DOCUMENTS	124
2.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	132

List of Tables

Table 1 Consolidated Overview of the 2017/18 MTREF	18
Table 2 Summary of revenue classified by main revenue source	19
Table 3 Percentage growth in revenue by main revenue source	21
Table 4 Operating Transfers and Grant Receipts	22
Table 5 Comparison of proposed rates to levied for the 2017/18 financial year	24
Table 6 Proposed Water Tariffs	25
Table 7 Comparison between current water charges and increases (Domestic)	26
Table 8 Comparison between current sanitation charges and increases	26
Table 9 Comparison between current waste removal fees and increases	27
Table 10 MBRR Table SA14 – Household bills	28
Table 11 Summary of operating expenditure by standard classification item	29

Table 12 Operational repairs and maintenance	33
Table13 2017/18 Medium-term capital budget per vote	35
Table14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	40
Table15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	42
Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	44
Table17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	45
Table18 MBRR Table A6 - Budgeted Financial Position	48
Table19 MBRR Table A7 - Budgeted Cash Flow Statement	50
Table20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation.....	50
Table 21 MBRR Table A9 - Asset Management.....	51
Table 22 MBRR Table A10 - Basic Service Delivery Measurement	54
Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	63
Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	63
Table 25 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	64
Table 26 MBRR Table SA7 - Measurable performance objectives.....	68
Table 27 MBRR Table SA8 - Performance indicators and benchmarks.....	69
Table 28 Credit rating outlook	75
Table 29 Proposed tariff increases over the medium-term.....	79
Table 30 MBRR SA15 – Detail Investment Information	81
Table 31 MBRR SA16 – Investment particulars by maturity.....	82
Table32 Sources of capital revenue over the MTREF	82
Table33 MBRR Table SA 17 - Detail of borrowings	84
Table34 MBRR Table SA 18 - Capital transfers and grant receipts	85
Table35 MBRR Table A7 - Budget cash flow statement.....	87
Table36 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	88
Table 37 MBRR SA10 – Funding compliance measurement	88
Table 38 MBRR SA19 – Expenditure on grants and reconciliation of unspent funds	92
Table39 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds.....	93
Table40 MBRR SA22 - Summary of councillor and staff benefits	94
Table 41 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	95
Table 42 MBRR SA24 – Summary of personnel numbers	96
Table 43 MBRR SA25 - Budgeted monthly revenue and expenditure	97
Table 44 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	98
Table 45 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	99
Table 46 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	101

Table 47 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	102
Table 48 MBRR SA30 - Budgeted monthly cash flow.....	103
Table 49 MBRR Water Services Department - operating revenue by source, expenditure by type and total expenditure	105
Table 50 Contracts having future budget implications.....	106
Table 51 MBRR SA 34a - Capital expenditure on new assets by asset class.....	107
Table 52 MBRR SA35b - Capital expenditure on existing assets by asset class	110
Table 53 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	110
Table 54 MBRR SA35 - Future financial implications of the capital budget	113
Table 55 MBRR SA36 - Detailed capital budget per municipal vote	114
Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance	124
Table 57 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	127
Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position.....	128
Table 59 MBRR Table SA9 – Social economics and demographic statistics and assumptions	129

List of Figures

Figure 1 Main operational expenditure categories for the 2017/18 financial year	31
Figure 2 Capital Infrastructure Programme	36
Figure 3 Planning, budgeting and reporting cycle	66
Figure 4 Definition of performance information concepts.....	67
Figure 5 Breakdown of operating revenue over the 2017/18 MTREF.....	78
Figure 6 Sources of capital revenue for the 2017/18 financial year.....	83
Figure 7 Growth in outstanding borrowing (long-term liabilities).....	85

Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DBSA	Development Bank of South Africa	NERSA	National Electricity Regulator South Africa
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
DWA	Department of Water Affairs	NKPIs	National Key Performance Indicators
EE	Employment Equity	OHS	Occupational Health and Safety
EEDSM	Energy Efficiency Demand Side Management	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Plan	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

Budget Speech for 2017-2018 financial year as presented by MKLM Mayor, Clr Ralesole Diale on 31 May 2017 at Obakeng Village, 12h00

Honourable Speaker of Council, Siphosiso Vava
Single Whip, Clr Maria Matshaba
Members of the Executive Committee
Fellow Councillors
Municipal Officials led by the Acting Municipal Manager, Mr Tertius Chiloane
Magosi a etsho
Members of Traditional Councils present
Leaders and representatives of religious, business and all sectors,
Ward committee members,
Community Development Workers
Learners of high schools present
Distinguished guests
Ladies and gentlemen, Bagaetsho botlhe
Good day, Goeie dag.... Dumelang

Re kopana fa gompiano re le kgotlha-teropo ya Masepala wa Moses Kotane go tlhagisa tekanyetso- kabo ya ngwaga wa dichelete wa 2017/ 2018 e e tsileng go tsena tirisong fa kgwedi ya phukwi e simolola. Gonne re kaelwa ke melwana ya bomasepala ya matlotlo gore lekgotlateropo le tshwanelwa ke go atlagenisa tekanyetso kabo kgwedi pele ga tshimologo ya ngwaga wa dichelete. Mme tla ke tseye tšhono e go leboga makhanselara a masepala wa Moses Kotane go bo ba tsere karolo go tshegetsisa le go etella pele tsamaiso go akaretsa kamagano ya batsaya karolo mo mererong ya puso.

It pains me more that we are meeting here, a week after court appearance of a murder suspect who was charged with the murder of Naomi Kgopong of Manamakgotheng village. Let me also commend the women of Moses Kotane Local Municipality who came in their numbers to attend the bail hearing application at Mankwe Magistrate court last week.

We have just been sadly informed that a woman was burnt to death in a shack in Mogwase Unit 8. This is morally incorrect, we must stand up as men and say enough is enough.

I am also making a call to all the men of Moses Kotane Local Municipality to advocate for the safety of women and children, and we must boldly say: Not in our name... we pledge to always protect our women and children in our democratic South Africa.

Let us also observe that 28 May to 04 June 2017 is the National child protection week. Protect a child, wear a green ribbon. Report child abuse, neglect and exploitation. Let us protect children to move South Africa forward

This is the first presentation of the budget speech of the new Council which was inaugurated in August 2016 after the local government elections.

It is indeed the greatest honour for me to be standing in front of you today in the village of Obakeng in ward 1 to present the budget speech of the Moses Kotane Local Municipality for the 2017/18 financial year which begins on the first of July 2017.

This comes at a time when our national government has declared 2017 the Year of Oliver Reginald Tambo for us to celebrate, educate and preserve his Life and Legacy. OR Tambo who epitomized the struggle for liberation. Tambo was instrumental in rallying support, assistance and solidarity against the oppression of colonialism and apartheid on the continent

It is therefore befitting that the theme for this year's Africa Month celebrations is ***"The Year of OR Tambo: Building a Better Africa and a Better World"***. The role played by OR Tambo during struggle cannot be ignored.

Honourable Speaker, 2016/ 2017 financial year was the first year of the fourth administration term which will run until 2021. We continued with the realisation of our vision of ensuring that the municipality is best to live in, work for and business with through working together in concluding the previous generation of the IDP which started in 2011 to 2016.

Honourable speaker, this is the ninth month since the inauguration of the new council... for this term we have highlighted and placed emphasis on the potential of local economic development as a catalyst for economic stimulation in our municipality.

Let me welcome you all to this historic meeting Council to present the budget. It is truly an honor to be here standing in front you after being elected to serve the people of Moses Kotane Local Municipality. Fortunately I have been part of this organization that touched lives of the people from all 107 villages and two townships.

Our five-year journey of this Council term has begun and the onus is upon us all to ensure that we leave the permanent legacy in terms of service provision to the people of Moses Kotane Local Municipality because the only reason we are here is to serve them to improve the quality of their lives for them to live better in a democratic South Africa that was fought for by the likes of Moses Kotane, OR Tambo, Nelson Mandela, Barney Molokwane, amongst the struggle heroes of our liberation movement, African National Congress.

I am very fortunate to have been part of the team that started this municipality from the scratch and put it where it is now. The footprints of service delivery and good governance are visible because the road we have travelled thus far portrays a blend of our history, milestones, successes and challenges which have packaged as some of the legacies of democracy in our lifetime.

I believe it is proper to acknowledge the excellent work done by administration led by Acting Municipal Manager, Rre Tertius Chiloane for leading this institution through smooth administration.

As political leaders, we cannot choose to ignore the important role played by municipal officials in the delivery of our mandate to provide basic services to the people. Re a lo leboga badiri ba rona ba masepala, tswelelang go tsetsepela go direla setšhaba ka botswapelo.

Honourable speaker, we held a three day strategic planning session wherein we have set the tone as political leadership that local economic development is the key driver of our plans to ensure that radical economic transformation becomes a reality in line with the five provincial concretes

We acknowledge and treasure the efforts and work done by our councilors, officials and key stakeholders who have shown high level of commitment to ensure that the dignity of our people is restored through provision of service delivery.

The Integrated Development Plan and budget adopted by council today, sums up our assertion and commitment of ensuring good governance and provision of service delivery as some of the key performance areas of local government are achieved. We listened attentively to the priorities and needs highlighted by our communities during the public consultation meetings and we are confident that our plans and budget are a true representation of community needs and priorities, inclusive of all projects planned for implementation by our partners in service delivery. Our limited financial resources remains the key challenge, hence we are saying *bikie-bikie maak meer*.

2017 is the 17th year since establishment of the Moses Kotane Local Municipality. The road we have travelled thus far depicts a blend of a rich history, worthy experiences and milestones which we know and are fundamental for the coming generations to know as a good story to tell during our democratic era. We are still forging ahead to make this municipality better than it was yesterday.

As we strive to play our oversight role as councilors, we also commit to ensure that there is institutional capacity for sound governance system through consistent, functional and efficient council committees. There is no excuse for lack of Visibility of Councilors in all wards. Emphasis on monitoring of service delivery projects is one of the key issues in our minds. We must always report back to communities.

Back to basics pillars

Back to basics concept was introduced by our national department of cooperative governance to encourage all municipalities to become functional centers of good governance with the need to set the proper standards for municipal performance.

I fully commit that the Moses Kotane Local Municipality conforms to the back to this basics pillars:

Delivering basic services: through creation of decent living conditions for our people in all 107 villages and the two townships. The Management has developed both the road water master plans in compliance with this pillar to sustain basic standards of living and economic activity in our villages and townships.

Good Governance: is at the heart of the effective functioning of every municipality hence we are committing to ensure that there is transparency, accountability and regular engagements with communities for them to meaningfully participate and take ownership of their projects and council programmes. All council committees will have regular meetings as prescribed by legislation.

Public Participation Measures will be implemented to ensure that municipality engage with their communities.

Public participation - Putting people first: Ward councilors will continue to have monthly meetings with communities while ward committee members will continue to be the ears and eyes of government. We will continue to communicate our plans and strategies to deal with current backlogs, monitor and act on complaints, concerns and petitions received from our communities.

Sound financial management is integral to the success of local government through our credible budget that talks to the IDP. We will make sure that the audit improvement action plan as adopted by council is monitored and I have no doubt that there will be notable improvement during the next audit finding by the auditor general. As we strive to consistently the fact that the municipality is financially viable, we will also act decisively against fraud and corruption. Our communities must also take responsibility to pay for the services we are rendering to them, we will therefore conduct campaigns on payment of services... to be called ***Duela disuga go tokafatsa thebolo ya ditirelo*** We are further appealing communities to report criminal activities of theft encountered recently where taps were stolen in various villages like Pella and Seshibitswe. Protect your infrastructure, it is there to serve you.

Institutional Capacity – our focus remains on building strong municipal administrative system and processes, hence we will ensure the only vacant position of the municipal manager will be filled soon. Financial year 2017/ 2018 shall be the year of change management in terms of improving our performance management system and management engagement with employees.

As a rural municipality, we respect and recognise the role and authority of traditional leadership in development. Hence we remain committed to consistently interact with Dikgosi and Bahumagadi on governance and development matters. Ke Magosi a rona...

The focus of this current term of administration will be on Local economic development. It is my commitment to ensure that economy of Moses Kotane Local Municipality will be stimulated to create jobs, alleviate poverty, attract investments, and boost tourism.

Hence the IDP and budget for 2017/ 2018 are aligned to the Provincial concretes of:

- Rebranding, Repositioning and Renewal
- Setsokotsane that brings services to communities within their door step.
- Reconciliation, Healing and Renewal which is set on changing mindset of the people is done by the RHR (domestic violence, older people who are marginalized, substance abuse, inter-tribal/ ethnic fights, and visiting victims of abuse.
- Agriculture, Culture and Tourism - - Anchor tourism nodes that have been identified by provincial government include Sun City/Pilanesberg complex. Madikwe is an identified place along this corridor. As the local authority, we will play a leading role to ensure that tourism remains catalyst in development
- Villages, Towns and Small Dorpies – VTSD this municipality will commit a reasonable percentage of its budget towards VTSD)

In my first three months of the first quarter of the new financial year, my focus will be on the following:

- Effectively maintaining our infrastructure projects through the launch of quick wins projects and programs that require urgent attention to improve service delivery in all areas. This include filling of potholes, repairs on water leakages amongst others, cleaning of storm water channels, regravelling internal roads, resealing internal and external roads & water loss reduction – that is Setsokotsane in progress
- Stakeholder management in order of importance. In as much as we recognize Magosi in development and land use, we will continue to engage them regularly as we have in the past because Moses Kotane Local Municipality belongs to all of us.
- Ensuring that we reclaim the unqualified audit opinion and move towards clean audit
- Enhance Community participation in the affairs of the municipality
- Ensuring good governance in all aspects through adherence to deadlines, compliance to legislation without fail and improved performance
- Councillors will have monthly meetings with communities and there will be consistent feedback
- All Councillors and ward committees will be play their role to ensure that local government touches all the people living in the municipal jurisdiction.

Local government is truly in our hands... and we will make it work

New vision:

We have moved from being the caring and responsive municipality that is best to live in, work for and do business with. And we are now saying for us to achieve economic radical transformation in our lifetime, the new vision places emphasis on what we advocate for, that stimulating our economy to change the lives of the people.

We are therefore saying our messages towards realisation of the vision will be centred around development, collaborative and proactive municipality that strives towards radical transformation. Therefore we will surely pride ourselves of being the municipality that is economically vibrant with citizens at heart through collaborations with strategic partners. This is work in progress, The Council will soon adopt the new vision.

LED and job creation

Whilst Local economic development remains our priority, we also need to acknowledge that there is an estimated 51% of unemployed persons in Moses Kotane Local Municipality due to the following as contributing aspects:

- Lack of a diversity of job opportunities;
- Distance to most existing job opportunities;
- Inefficient or lack of public transport;
- Lack of proper skills;
- Low education or high illiteracy;
- Lack of viable economic strategy especially LED strategy for Moses Kotane

Hence we are saying engagement on the review of the LED strategy is underway. I am truly pleased that the LED function is being moved to Office of the Mayor as resolved by the Bokone Bophirima Premier's Coordinating Council for me as the political head to closely play the oversight role and ensure that LED is maximally explored to attract investment to our municipality.

The effects of unemployment include poverty as a result of lack of income, poor quality of life, high crime rate, lack of food security, lack of tax base and poor economic development. Provision of employment opportunities is hampered by lack of funding, lack of resources, lack of training institutions, and lack of infrastructure such as water and roads and inefficient communication system. It is mostly rural women who are affected because they are the ones often left behind to feed and take care of children. The new revised LED strategy will indeed focus on the following sectors in terms of addressing the root causes of unemployment and poor economic development:

- Instil commitment, diligence and ownership of current and future employment opportunities to working people in the area;
- Access to essential support services such as financial, advisory, equipment and training services particularly to small businesses; maintain a high level of marketing profile;
- Improvement of retail and industrial facilities;
- Integration of large and small businesses;
- Provision of land for small scale farmers;
- Access to marketing and processing facilities
- Strengthening of nodal development;
- Recreation and Attraction of investment
- Social Services and Construction, Mining and Tourism
- Transport Sector and Manufacturing
- Communication and Agriculture
- Electrification and Finances

- Wholesaling / Retail and Trade and Commerce
-

Revenue enhancement

The municipality will be guided by Municipal Property Rates Act to implement rates on property to make provision for fair and equitable valuation methods of properties. Let me also thank the support provided for by the North West Provincial Department of Human Settlement & human settlement, and the provincial treasury to providing us with support on compilation and maintenance of valuations rolls and promulgation of rate tariffs. As I have indicated, we will embark on awareness campaigns to educate our communities on their obligations to pay for services.

Shared Services Model

We are still forging ahead with provision of the shared services model delivery, and we are looking forward towards optimally exploring it to improve our strategies in the spirit of cooperative governance and intergovernmental relations to share our resources for better institutional capacity.

Let me thank the Bojanala Platinum District Municipality for having accepted our request to implement shared services model on the district audit committee which has been working very well with us on the auditing function.

Overview of the Budget:

Honourable Speaker, allow me to summarize the budget for 2017-2018 financial year which starts on the first of July 2017:

Total budget for the 2017/ 2018 financial year is R1 068 2 billion (one billion, sixty eight million and two hundred and nineteen thousand rand) comprising operating budget of R 745 million and capital budget of R214.7 million

The total anticipated operating revenue amounts to R 745 million comprising:-

- Property rates of R109. 6 million
- Services charges of R181.6 m
- Interest revenue of R9.5 million
- Interest on outstanding debtors R51.5 million
- Traffic fines of R5 million
- Grants and subsidies of R381.7 million, and
- Other revenue of R6 million such as license fees, sale of stand, tender deposits, Refunds from Local Government **Local Government Sector Education and Training Authority** and others.
- Capital grants of R186.8 million
- Borrowing of R8 million

The grants amounting to a total of R381.8 million stated above are broken down as follows:

- Equitable share of R 357.5 million
- Finance management grants of R1.7 million
- Extended Public Works Programme grant of R 1 million
- Department of Water and Sanitation for water assets R 16.5 million
- Municipal Infrastructure Grant for Project management grant of R4.1 Million
- Library grant – R950 thousand

The total expenditure budget amounts to R million comprising the following:

- Employee related cost of R217.1 million
- Remuneration of councillors of R26.8 million
- Depreciation of R118.9 million
- Repairs and maintenance of R 67.2 million
- Finance charges of R6.8 million
- Bulk purchase of R73.2 million
- Contracted services of R42.8 million
- General expenses of R195 million
- Debt impairment of R72.4 million
- Contribution to provisions of R6 million
- Internal transfers of R7.4 million

The 2017/18 financial year budget summary:

The anticipated revenue for the 2017/18 financial year is R745 million (last financial year our anticipated revenue was R654 million, this shows growth in our budget)

The expenditure is estimated at	R854 million.
Resulting in a deficit amount of	<u>R109 million</u>
When adding back all the non-cash expenditure of	R119 million
The municipality will remain with a surplus of	R10 million
Then account for the repayment of the loan	<u>R8.5 million</u>
There will be a surplus of	R1.8 million

Honorable Speaker, we tried within a limited resources to present budget that is funded as required by the municipal budget regulations.

In our efforts to pursue ideals of the National Development Plan which the Province is implemented in the context of the Rebranding, Repositioning and Renewal (RRR) complemented by the five concretes; Arts Culture & Tourism, Villages Townships & Small Dorpies, Reconciliation Healing & Renewal, Setsokotsane and Saamwerk-Saamtrek, our budget is fully compliant.

The implementation of the NDP through the RRR (rebranding, repositioning and renewal) approach has also been considered and budgeted under the Operating and Capital Budget and were conceptualized as follows:

ACT (Agriculture, Culture and Tourism):

- The above three are key drivers of the municipal economy and plans need to be developed to cater and be supported by potential funders through collaborations with the mines & other potential funders. Mining sector has sufficient lifespan of operations which ceases to exist when all minerals are exhausted. The mines decrease unemployment. The three pillars of ACT require plans and support to be sustainable for them to make an impact.
- Our role is to support and coordinate.

Villages, Townships and Small Dorpies

- All 34 wards of this municipality, 107 villages and 2 urban areas are incorporated in our needs analysis plans. The municipality has started with the development plans of five villages as a pilot programme. Presently the Community Development Workers are continuously doing economic profiling of all 107 villages to zoom into village specific needs
- Moses Kotane Local Municipality is basically 100% VTSD compliant as all our capital projects are implemented in villages and townships. The municipality continues with its budgeting processes to ensure that all villages and the two townships are provided for through alignment with this pillar given our rural nature of this municipality.

There is therefore a budget provision of R1.5 million for Fencing of cemeteries in various villages in our capital budget. The villages will be prioritized according to community needs as highlighted in the IDP document.

Allocation of R 15 million has been made for construction of Community halls in the following villages:

- Bapong
- Lerome (Mositwane)
- Moruleng (Ward 9)

Land fill sites

- There is provision of R12 million for Mogwase & Madikwe land fill sites in compliance to waste management legislation.

The following villages will benefit for high mast light projects from our capital budget:

- Tweelagte - R717 thousands
- Makoshong - R1.076 Million
- Welverdiend - R1.4 million
- Ntswana le metsing R717 thousand
- Nkogolwe- R717 thousand
- Moruleng - R9. 54 million(nine. five million rand)
- Moruleng – R1.8 million (one. eight million)
- Lesetlheng - R1.76 million, and
- Moubana - R717 thousands

- R700 thousands is set aside for Electrification of various Communal rental units

Amount allocated for electricity projects is R14.3 million

Municipal Vehicles In our efforts to assist with operations for efficient service delivery, we must have fleet that is in good working condition hence we have made provision of R 8 million (eight million rand) for purchasing of new Municipal Vehicles

Roads and storm water

Honourable speaker,

We are fully aware of our different mandates/ competencies as spheres of government wherein our sole responsibility as the municipality is construction of internal roads while our national government is responsible for construction national and provincial roads as this is in our road master plan

Overview of provincial roads

- Moses Kotane Local Municipality's road network consists of 2292.3 km
 - Total Kilometers of paved/tarred is 110.6km
 - Total Kilo meters of Unpaved is 2181.7km
- Overall % of provincial road network that requires resurfacing and re-gravelling is 3866.7 km (three thousands & sixty six. Seven kilometers)

The outlook of provincial roads as per road master plan give us a picture of 48% of our provincial roads being surfaced, whilst we still have the remainder of provincial roads that needs to be graveled. Which gives us motivation to mobilize resources to ensure excellent service provision.

Our road network consists of 2292.3 kilo meters

Our council has laid a solid foundation of having had conducted an audit of our roads informed by the needs of the people we serve from 107 villages and two townships. Working Together we will continue to make Moses Kotane Local Municipality a better place to live in...

We acknowledge the fact that Infrastructure development is one of the catalysts of local economic development and investor attraction.

The total budget for internal roads and storm water projects amounts to **R61 million (sixty one million rand)** towards completion and construction of new internal roads and storm water projects in the following villages:

R2.5million is set for **Phase 2** - Ramokoka internal road
R1.5 million for phase 2 of Lesetlheng /Legkraal internal road
R780 thousands for completion of Disake internal road
R1 million for completion of phase 2 of Ledig internal road
R1.5 million for completion of Matlametlong internal road
R11.8 million for construction of Kameelboom internal road
R11.6 million for construction of Witranjie internal road

R9.6 million for completion of Lerome internal road
R11.5 million for construction of Obakeng internal road
R8.9 million for construction of Ledig internal Road

The following villages will benefit on the rural Sanitation programme (VIP toilets)

Ratau R583 thousands
Molatedi R583 thousands
Mmorogong R583 thousands
Ramasedi R583 thousands
Bojating R583 thousands
Mantserre R583 thousands
David katnagel R1 million
Leruleng R1 million
Moopyane R1 million
Phalane R1million
Manamakgotheng R1 million

R8.5 million (eight.five million rand) has been set aside for all rural sanitation projects

Water projects

Water remains a key priority as the municipality because water is a source of life. Hence we have allocated overall amount of R 76 million for water projects:

Below is a breakdown of water projects planned for 2017/ 2018:

- Ground water optimisation phase 3 at Witranjie village for an amount of R3.6 million
- Ground water optimisation phase 3 at Ramokgolela village for an amount of R3.6 million
- Ground water optimisation phase 3 at Manamela village at R3.6 million
- Ground water optimisation phase 3 Koffiekraal village at an amount of R3.6 million
- Ground water optimisation phase 4 Khayakhulu village at an amount of R1.8 million
- Ground water optimisation phase 4 Welverdiend R1.8 million
- Ledig village bulk supply(5ml reservoir) R1.033 million
- Welgeval water supply for an amount R8.1 million
- Mogwase reservoir R5 million
- Refurbishment of water assets R3 million
- Bulk water augmentation Mmorogong village at R12.8 million
- Bulk water augmentation Mositwana village at R12.8 million
- Bulk water augmentation Mantsho village at R12.8 million

Provision has been made for planning phase of bulk line that seek to supply water to the following villages:

- PPM Bulk pipeline at Masilela village - R624 thousand
- PPM Bulk pipeline at Bofule village - R624 thousand
- PPM Bulk pipeline at Lekutung village - R624 thousand
- PPM Bulk pipeline at Tswaneng village - R624 thousand

Chunk of our capital budget is directed towards water projects as a key priority amounting to seventy six million followed by roads at sixty million rands.

These capital programs that I mentioned above will be funded from the following sources:

- | | |
|--|---------------|
| • MIG(Municipal infrastructure grant) | R 148,279,503 |
| • DWA(Department of water affairs) | R 38,500,000 |
| • External Loans – Finance of Vehicles | R 8,000,000 |
| • Own Revenue | R 18,900,000 |

Total budget provision for all Capital Projects is two hundred & thirteen million, six hundred and seventy nine thousands and five hundred and three rands. (R213, 679,503)

RHR - Reconciliation, Healing and Renewal

- Remains amongst the five key pillars, to bring unity and reconciliation within the province and to heal all past wounds. The above will only come to pass when we join hands and work together within the Province. Let us all rally behind this concrete to ensure that all the people of Moses Kotane Local Municipality are safe and live freely. Where there are challenges of immorality, we will intervene through RHR because we care.

Setsokotsane - Comprehensive and Integrated Service Delivery Campaigns

Saamwerk - Saamtrek Philosophy- by working together as the province and all as South Africans

Economic Activities revisited

- We will surely review the Local economic development Strategy (LED) to comprehensively cater for Agriculture, Culture and Tourism initiatives with high impact.
- An amount of R7.4 million is allocated for Construction of formal stalls for informal traders in Mogwase as part of revitalisation programme to keep Mogwase clean and attractive sourced from the MIG as allocation for the LED projects

It is important to note that: Division of Revenue Act for the 2017/2018 financial year amounts to one hundred & fifty two million, four hundred & fifteen thousand rands (R152, 415,000). Of which an amount of R4, 135 (four million, one hundred and thirty five thousand rands) has been allocated to Project Management Unit which leaves an amount of R148, 279,503 available for MIG projects

To our communities that are not catered for in the 2017/18 financial year budget, kindly note that you are not forgotten, if it was possible I would provide for each area but to limited funding we are unable to implement service delivery project in each village or township of our jurisdiction.

Let me also emphasize that we need to strengthen the evaluation and monitoring of service delivery projects by being rigorously interrogating monthly performance reports and doing

physical inspection through projects visits. This intervention would intensify accountability and early detection of poor performance at an early stage to ensure maximum performance and avoid roll overs and withholding of funds.

Our pledge as the ANC municipality is to:

Remain true to our values of courage, service, self-sacrifice, human solidarity, integrity, humility, honesty, hard-work, self-discipline and mutual respect.

Work with all stakeholders and our communities to move the municipality forward through the commitments we have set out when we started our council term.

Strengthen the bonds of trust and solidarity with our people where these have been broken and continue to listen to and effectively communicate with our people.

Honourable speaker, it is proper for me to express my sincere thanks to the people of Moses Kotane Local Municipality for having bestowed the greatest political movement in the continent, African National Congress with the confidence to consistently continue with the reigns to lead the municipality. Re a leboga bagaetsho gonne mokgatlho o re golotse mo dikeetaneng tsa apartheid mme gompiano re phelela mo kgololesegong ke ka moo re nang le makoko kgatlhanong mo tsamaisong ya rona.

I have full trust that the budget we are adopting today is credible and will indeed advance the ideals of radical transformation in our lifetime. Financial viability is one of our key performance areas and we are therefore proud that we are on the right track as the municipality

Let me also thank the party that I serve, African National Congress for having bestowed me with the honor of ensuring that we continue with the pursuit of working together to advance the people's power in every community by deploying me to be the political leader of Moses Kotane Local Municipality. Because it is a well-known fact that together we have built better communities and better local government over the past years and we are forging ahead.

In conclusion, let me present the budget for the coming financial year of 2017/ 2018 before Council.

Ke a leboga

Rural municipalities were to and extend more affected by the economic slowdown as their revenue base are very limited. Our municipality is predominately rural in nature with a very limited revenue base. The infrastructure inherited from previous service providers presents a serious challenge to this municipality. The water assets transferred from the Department of Water Affairs are aging and not up to standard. Most of the 109 villages in the municipality receive water at RDP level or even below. Although millions of rands are spent annually to upgrade water schemes to at least RDP standards to improve the living conditions of our people, it does not provide additional income for the municipality but increase the cost of free basic services.

The announcement by Magalies Water that bulk tariffs will be increase with 10 percent from July 2017 will place further pressure on water tariffs. The council will have no alternative to increase its water tariffs substantially in the 2017-2018 financial year with at least 10%.

As previously mentioned the municipality have a very limited tax base and must control the cost of its administration to affordable levels without seriously affecting service delivery.

The cost of human resources as provided for in the 2017-2018 budget represents 25,43% of the total expenditure budget. The cost of human resource is still within the limit of between 30 and 35%

It is also of importance that departments spend external funds (grant funding) received on a project first before internal funds provided by the municipality in order to prevent own funds generated from revenue being used as bridging finance affecting the cash-flow negatively.

The compilation of the 2017-2018 Budget posed many challenges and obstacles, owing to limited financial resources. Restrained expenditure was and is still encouraged to ensure that spending remains within the affordability parameters of the MKLM's finances, to ensure that the council deliver on its core mandate and achieve the development goals.

Owing to prudent financial management little capacity for additional financing existed, and priority community issues will have to be prioritised within every department's allocated budget. Services will have to be rendered responsibly with innovation and determination, as expected from responsible municipal officials in terms of the MFMA.

The budget principles that informed the compilation of the 2017/2018 Budget are in line with Section 28 of the MFMA and the following additional principals needs to be highlighted;

The inclusion of funding requests is subject to;
Any savings identified departmentally;
Additional revenue generation;
Reprioritisation of services and priorities; and
Value for money, benefits to the municipality and affordability.

It should be noted that there is unlimited needs but limited resources and affordability within the context of sustainability must be considered and maintained.

Departments should concentrate on core functions, proactively review the operational budget and identify savings that can be affected if necessary to assist with the cash-flow position.

The principals applied in compilation of the budget was if no expenditure or less expenditure than the budget amount realised over the first halve of the 2016-2017 financial year the budget amount was reduced or removed. If the expenditure trend indicates an over expenditure or expected over expenditure the budgeted amount was aligned with the estimated expenditure. This process was also applied to the collection trend of revenue over the mentioned period. If and under collection was indicated on a specific account, the budget was decreased according to the actual revenue collected or the budget was increased if the revenue indicated such a trend.

The actual performance for the 2016/2017 financial regarding cash collection for property rates and other services were used to determine the provision for bad debts to enable the budget to be cash funded.

The municipality is embarking of a revenue enhancement project where data cleansing is taking place to ensure that all debtors are receiving accounts for services rendered.

The same principle is applied for the outer years.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Moses Kotane Local municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

1.1 Draft Council Resolutions

On 31 May 2017 the Council of Moses Kotane local Municipality met in the community hall at Obakeng Village to consider the annual budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The Moses Kotane Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 14 on page 40;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 15 on page 42;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 16 on page 44; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 17 on page 45.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 18 on page 48;
 - 1.2.2. Budgeted Cash Flows as contained in Table 19 on page 50;

- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 20 on page 50;
 - 1.2.4. Asset management as contained in Table 21 on page 51; and
 - 1.2.5. Basic service delivery measurement as contained in Table 22 on page 54.
2. The Council Moses Kotane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017:
 - 2.1. the tariffs for property rates – as set out in Annexure B
 - 2.2. the tariffs for the supply of water – as set out in Annexure A
 - 2.3. the tariffs for sanitation services – as set out in Annexure A
 - 2.4. the tariffs for solid waste services – as set out in Annexure A
 - 2.5. the revised tariff policy- as set out in annexure C
 - 2.6. The revised credit control and debt collection policy – as set in Annexure
3. The Moses Kotane Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the tariffs for other services, as set out in Annexure A.
4. To give proper effect to the municipality's annual budget, the Council Moses Kotane Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2017/18 financial year limited to an amount of R8,0 million for the 2017/18 financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.
 - 4.4. That the salaries for officials be adjusted with effect from 1st July 2017 based on the percentage as approved by the South African Local Government Bargaining Council (Excluding Section 57 Mangers).
 - 4.5. That budget for the increase of salaries of senior managers be kept at the percentage aligned to that of other employees as approved by the bargaining council but payable once the council have resolved on the increase
 - 4.6. That the salaries and allowances of councillors be adjusted with the percentage approved by the Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office Bearers Act, 1998 after concurrence of the responsible MEC have been obtained.
 - 4.7. That all SLA be reviewed to insure value for money and such report be submitted to council before the end of the 1st quarter
 - 4.8. That the amendments to the Budget related policies be approved as discussed in paragraph 2 and indicated in the policy documents hereto attached.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains

financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The 2019/20 revised budget focussed on saving measures, reprioritising of projects and an increased provision for bad debts to counter low cost recovery.

National Treasury's MFMA Circulars No.85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and community infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water (due to tariff increases from Magalies Water), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2017/18 to 2019/2020 MTREF:

- The 2019/20 Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Heads of departments as well as political offices should exercise strict control over the under mentioned expenditure:
 - Special Projects;
 - Consultant Fees;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling;
 - Subsistence, Travelling & Conference fees (national & international) and

- Telephone expenses.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/2018 MTREF

Description	Approved Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
R Thousand	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020
	R	R	R	R	R
Total Operating Revenue	654 040 398	683 086 398	744 959 714	778 842 416	827 339 296
Total Operating Expenditure	771 027 556	790 570 165	853 538 871	885 530 947	937 364 320
Surplus/(Deficit) for the year	-116 987 158	-107 483 767	-108 579 157	-106 688 531	-110 025 024
Total Capital Expenditure	185 872 613	211 778 981	214 679 503	209 584 770	223 338 167

Total operating revenue has grown by 9,06% or R61,873,316 for the 2017/18 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 4,55% and 6,23% respectively, equating to a total revenue growth of R144,252,898 over the MTREF when compared to the 2019/20 financial year.

The increase is mainly due to the increase in the equitable share as well as the provision for free basic water and refuse to the amounts of R23,866,919 and R26,483,584 respectively.

Total operating expenditure for the 2017/18 financial year has been appropriated at R853,538,871 and translates into a budgeted deficit of R108,579,157. The deficit is due to the inclusion of depreciation and actually translates in a cash surplus of R1,778,451 after bringing the repayment of external loans and capital from surplus cash into account. When compared to the 2019/20 Adjustments Budget, operational expenditure has grown by 7,96% in the 2017/18 budget and by 3,74% and 5,85% for each of the respective outer years of the MTREF.

The provision for free basic water and refuse, as in the case of revenue, contributes to the increase of 7,96% in expenditure.

The increase is also due to the provision for salary vacancies that was not filled during the 2016/2017 financial year.

The operating cash surplus for steadily increases to R8,250,451 for the 2018/2019 financial year but decreases to R8,110,294 for the 2019/2020 financial year. These surpluses will be used to further ensure cash backing of reserves and funds.

The capital budget of R214,679,503 for 2017/18 is 137% higher when compared to the 2019/20 Adjustment Budget.. The capital programme decreases to R209,584,770 in the 2018/19 financial year and creases to R223,338,167 in the 2019/2020 financial year. A small portion of the capital budget will be finance through borrowing in the 2017/18 financial year to finance the replacement of vehicles.

An amount of R19,900,000 will be financed from the municipality own funds.

The above is made possible due to the additional revenue to be received from the North West Provincial Government for property rates not billed in the rural areas.

Note that the municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially increased over the past five years as a result of the aggressive capital infrastructure programme implemented over the past five years. Consequently, the capital budget remains relatively flat over the medium-term.

1.3 Operating Revenue Framework

For MKLM to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in MKLM and continued economic development;
- Efficient revenue management, which aims to ensure that the collection rate for services is maintained as provided in the budget.
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and the implementation of a new valuation roll on 1st July 2012;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										

Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	109 634	113 622	117 798
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	141 700	155 870	171 457
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	4 338	4 772	5 249
Service charges - refuse revenue	2	-	-	-	-	-	-	-	35 588	39 146	43 061
Service charges - other											
Rental of facilities and equipment									-	-	-
Interest earned - external investments									9 500	9 500	9 500
Interest earned - outstanding debtors									51 500	52 000	53 000
Dividends received											
Fines, penalties and forfeits									5 000	5 000	5 000
Licences and permits									4 000	4 000	4 000
Agency services											
Transfers and subsidies									381 723	392 847	416 179
Other revenue	2	-	-	-	-	-	-	-	1 977	2 085	2 096
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	744 960	778 842	827 339

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2016/17		Draft MTREF 2017/2018 - 2019/2020			
	Original Budget	Adjusted Budget	Budget Year	Percentage of	Budget Year	Budget Year
R Thousand			2017/2018	Total Revenue	2018/2019	2019/2020
Revenue By Source	R	R	R	%	R	R
Property Rates	91 273 959	105 823 459	109 634 022	14,72%	113 622 441	117 798 373
Service Charges - Refuse Revenue	31 844 116	32 842 916	35 587 642	4,78%	39 146 406	43 061 047
Service Charges - Sanitation Revenue	3 317 627	3 920 327	4 337 860	0,58%	4 771 646	5 248 810
Service Charges - Water Revenue	125 126 709	128 326 709	141 700 093	19,02%	155 870 103	171 457 114
Interest earned - External Investments	9 500 000	9 500 000	9 500 000	1,28%	9 500 000	9 500 000
Interest earned - Outstanding Debtors	34 000 000	43 500 000	51 500 000	6,91%	52 000 000	53 000 000
Transfers Recognised - Operational	354 468 387	354 373 387	381 723 497	51,24%	392 847 230	416 178 833
Fines	3 000 000	3 000 000	5 000 000	0,67%	5 000 000	5 000 000
Other Revenue	1 509 600	1 799 600	5 976 600	0,80%	6 084 590	6 095 119
Total Revenue(Excluding Capital Transfers and Contributions	654 040 398	683 086 398	744 959 714		778 842 416	827 339 296
Total Revenue from Rates and Services Charges	285 562 411	314 413 411	342 759 617	46,01%	365 410 596	390 565 344

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a relatively small portion of the municipality's revenue mix. Local revenue such as property rates and service charges contributes only 46,01 to the municipality's revenue stream. Details in this regard are contained in Table 56 MBRR SA1 (see page 114).

Water sales is the largest revenue source of the municipality totalling R141,700,093 and increase steadily to R171,457,114 in 2019/20. Property rates is the second largest revenue source totalling 14,72% or R109,634,022 and increases to R117,798,373 by 2019/20. Other revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, traffic fines and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

The tariff for property rates will be increased by 6% and that of government properties by 2%.

The increase of the tariffs by 10% contributes to the increase of the revenue

Operating grants and transfers totals R381,723,497 in the 2017/18 financial year and increases to R416,178,833 by 2019/20. Note that the year-on-year growth for the 2017/18 financial year is 7,71% and then increases by 2,91% in 2019/2019 and to 5,94% in 2019/2020. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	380 773	391 847	415 101
Local Government Equitable Share								357 438	385 729	408 142
Finance Management								1 700	1 700	1 700
EPWP Incentive								1 000		
Water Services Operating Subsidy								16 500		
PMU								4 135	4 418	5 259
Provincial Government:		-	-	-	-	-	-	950	1 000	1 078
Sport and Recreation								950	1 000	1 078
PMU										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	381 723	392 847	416 179
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	186 780	207 135	220 938
Municipal Infrastructure Grant (MIG)								148 280	157 135	165 938
Water Infrastructure Grant								38 500	50 000	55 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	186 780	207 135	220 938
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	568 503	599 982	637 117

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's

inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of both Magalies Water and Eskom bulk tariffs are far beyond the mentioned inflation target. Although MKLM is not the service provider of electricity in the municipality the Eskom increases above inflation targets affects the operating budget negatively as the water operations are largely dependent on electricity for water purification and distribution. Given that these tariff increases are determined by external agencies, the impacts they have on the tariffs structure are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R17 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6 per cent increase from 1 July 2017 is contained below. It must be noted that a new valuation roll becomes effective on the 1st July 2016. Tariffs have been adjusted to yield a total increase of 6 per cent per annum on the new valuation.

Table 5 Comparison of proposed rates to be levied for the 2017/18 financial year

Category	Current Tariff	Proposed Tariff	Proposed Tariff	Proposed Tariff
	1 July 2016	1 July 2017	1 July 2018	1 July 2019
Vacant Land	0,6929	0,7344	0,7785	0,8285
Residential Properties	0,000654	0,000693	0,000735	0,000779
State owned Properties	0,5212	0,5316	0,05422	0,05531
Business and Commercial	0,1648	0,1746	0,1851	0,01962
Agricultural	0,000266	0,0001386	0,0001469	0,0001557
Holiday Resorts with gambling rights	0.03258	0.03453	0.03660	0.03880
Holiday Resorts without gambling rights	0.02907	0.03081	0.03265	0.03461
Industrial	0.00531	0.00562	0.00596	0.00631
Public Service Infrastructure	0.000266	0.0000082	0.000087	0.000092
Public Benefit Organisation Properties	0.00070	0.0001386	0.0001469	0.0001557
Mining Properties	0,6929	0,7344	0,7785	0,8285

1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Magalies Water has increased its bulk tariffs from 1 July 2017, which increase contributes to approximately 30,53% of the municipality water input cost.

A tariff increase of 10 per cent from 1 July 2017 for water is proposed. This is based on input cost assumptions of 10 per cent increase in the cost of bulk water (Magalies Water), the cost of other inputs increasing by 1.6 per cent. In addition 6 kl water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows (VAT Exclusive):

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS	PROPOSED TARIFFS	PROPOSED TARIFFS	PROPOSED TARIFFS
	2016/2017	2017/2018	2018/2019	2019/2020
	Rand per kl	Rand per kl	Rand per kl	Rand per kl
RESIDENTIAL				
(i) 0 to 6 kl per 30-day period	FREE	FREE	FREE	FREE
(ii) 6.1 to 45 kl per 30-day period	14,80	16,28	17,91	19,70
(iii) 45,1 kl and above per 30-day period	17,04	18,74	20,62	22,68
SMALL BUSINESS AND STATE DEPARTMENTS				
(i) 0 TO 45 kl	14,80	16,28	17,91	19,70
(ii) 45,1 and above	17,73	19,50	21,45	23,60
NON -RESIDENTIAL				
(i) Sun City Bulk	11,17	12,29	13,52	14,87
(ii) Industrial and large consumers	15,31	16,84	18,53	20,38

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption	Current amount Payable	Proposed amount Payable	Difference (Increase)	Percentage Change
0-6	0.00	0.00	0.00	
30	355.20	293.76	26.64	9,97%
40	378.42	416.16	37.74	9,97%
50	500.72	550.66	49.94	9,97%
80	900.62	990.46	89.84	9,97%
100	1,167.22	1,283.66	116.44	9,97%

The tariff structure of the 2017/18 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate. The proposal by National Treasury that water tariffs must be fully cost reflective will be applied during the current investigation process on water losses.

Sanitation and Impact of Tariff Increases

A tariff increase of 10 per cent for sanitation from 1 July 2014 is proposed. Only the towns of Mogwase and Madikwe have waterborne sewerage systems while the rest of the municipality's residents are reliant on pit latrines:

Table 8 Comparison between current sanitation charges and increases:

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Monthly Sanitation	CURRENT TARIFFS 2016/2017	PROPOSED TARIFFS 2017/2018	PROPOSED TARIFFS 2018/2019	PROPOSED TARIFFS 2019/2020
Residential	28,55	31,41	34,55	38,00
Business	56,99	62,69	68,96	75,85
Industries (60% water consumption per kl)	7,00	7,70	8,47	9,32

1.3.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The service was implemented in 2003 on

initiative of the district municipality with the support of the European Union. Cost recovery was only applied in the two formal towns of Mogwase and Madikwe due to the fact that no data was available on the residents in the traditional areas. With the transfer of water services more data became available and place the council in the position to commence with cost recovery in rural areas from those households with yard connections. Households without yard connections is regarded as indigents and will continue to receive the service free of charge until such time as the full survey on all properties in the municipality is completed.

In order to move to full cost recovery a 10 per cent increase in the waste removal tariff is proposed from 1 July 2017.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 9 Comparison between current waste removal fees and increases

Proposed Refuse Removal Tariffs				
Monthly	CURRENT TARIFFS	PROPOSED TARIFFS	PROPOSED TARIFFS	PROPOSED TARIFFS
Waste Removal	2016/2017	2017/2018	2018/2019	2019/2020
Residential	29,57	32,53	35,78	39,36
Business, Schools and Industries	60,47	66,52	73,17	80,49

1.3.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to under 10 per cent.

Table 10 MBRR Table SA14 – Household bil

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates								6,0%	39,44	41,81	44,32
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy								10,0%	390,48	429,53	472,48
Water: Consumption								10,0%	31,40	34,54	37,99
Sanitation								10,0%	32,53	35,78	39,36
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	493,85	541,66	594,15
VAT on Services									63,62	69,98	76,98
Total large household bill:		-	-	-	-	-	-	-	557,47	611,64	671,13
% increase/-decrease			-	-	-	-	-		-	9,7%	9,7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates								6,0%	27,89	29,56	31,33
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy								10,0%	309,13	340,04	374,04
Water: Consumption								10,0%	31,40	34,54	37,99
Sanitation								10,0%	32,53	35,78	39,36
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	400,95	439,92	482,72
VAT on Services									52,23	57,45	63,19
Total small household bill:		-	-	-	-	-	-	-	453,18	497,37	545,91
% increase/-decrease			-	-	-	-	-		-	9,8%	9,8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates								#DIV/0!	16,34	17,32	18,36
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy								#DIV/0!	227,78	250,56	275,62
Water: Consumption								#DIV/0!	31,40	34,54	37,99
Sanitation								#DIV/0!	32,53	35,78	39,36
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	308,05	338,20	371,33
VAT on Services								#NAME?	40,83	44,92	49,42
Total small household bill:		-	-	-	-	-	-	-	348,88	383,12	420,75
% increase/-decrease			-	-	-	-	-		-	9,8%	9,8%

1.4 Operating Expenditure Framework

The municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

Functional Classification Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type										
Employee related costs	2	-	-	-	-	-	-	217 074	231 996	248 681
Remuneration of councillors								26 839	28 557	30 385
Debt impairment	3							92 453	99 675	107 509
Depreciation & asset impairment	2	-	-	-	-	-	-	118 854	124 011	127 028
Finance charges								6 830	7 314	7 512
Bulk purchases	2	-	-	-	-	-	-	73 200	77 592	82 248
Other materials	8									
Contracted services		-	-	-	-	-	-	24 957	26 304	27 725
Transfers and subsidies		-	-	-	-	-	-	54 824	60 407	66 497
Other expenditure	4, 5	-	-	-	-	-	-	238 507	229 676	239 780
Loss on disposal of PPE										
Total Expenditure		-	-	-	-	-	-	853 539	885 531	937 364

The budgeted allocation for employee related costs for the 2017/18 financial year totals

R217,074 which equals 25,43% of the total operating expenditure. Based on the estimated inflation rate and tendencies in the labour market, salary increases have been factored into this budget at a percentage increase of 7,5 per cent for the 2017/18 financial year. An annual increase of 7,4% has been included in the two outer years of the MTREF.

Provision has been made for vacancies to be filled during the course of the year.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Provision for an increase of 7 percent has been provided in the 2017/2018 budget.

The provision of debt impairment was determined based on an annual collection rate per service and the Debt Write-off Policy of the municipality. For the 2017/2018 financial year this amount equates to R92,453,419 and escalates to R107,508,941 by 2019/2020. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R118,854,334 for the 2017/18 financial and equates to 18,27% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0,80% (R6,829,519) of operating expenditure excluding annual redemption for 2017/18 and increase to R7,512,183 by 2019/20. As previously noted, the municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 2,3 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of water from Magalies Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised as far as possible to ensure sustainability of the infrastructure. For 2017/18 the appropriation against this group of expenditure has increased by R2,828,578.

Other materials decreases to R54,520,890 18,12% and R58,060,783 for the two outer years.

The decrease is due to the none provision for the refurbishment of water assets by means of a grant that was received during the previous years.

The only contract service of importance is the contracted refuse removal service. This service is rendered at a very competitive price. The cost of refuse services at other municipalities in the

province are rendered at much higher prices to consumers, in certain municipalities up to 300 percent higher. Further details relating to contracted services can be seen in Table 56 MBRR SA1 (see page 114).

Other expenditure comprises of various line items relating to the daily operations of the municipality. Provision has been made for free basic services as well as for the maintenance of computer systems, the renting of office equipment as well as for ICT support. contracted services can be seen in Table 56 MBRR SA1 (see page 114).

The following graph gives a breakdown of the main expenditure categories for the 2017/18 financial year.

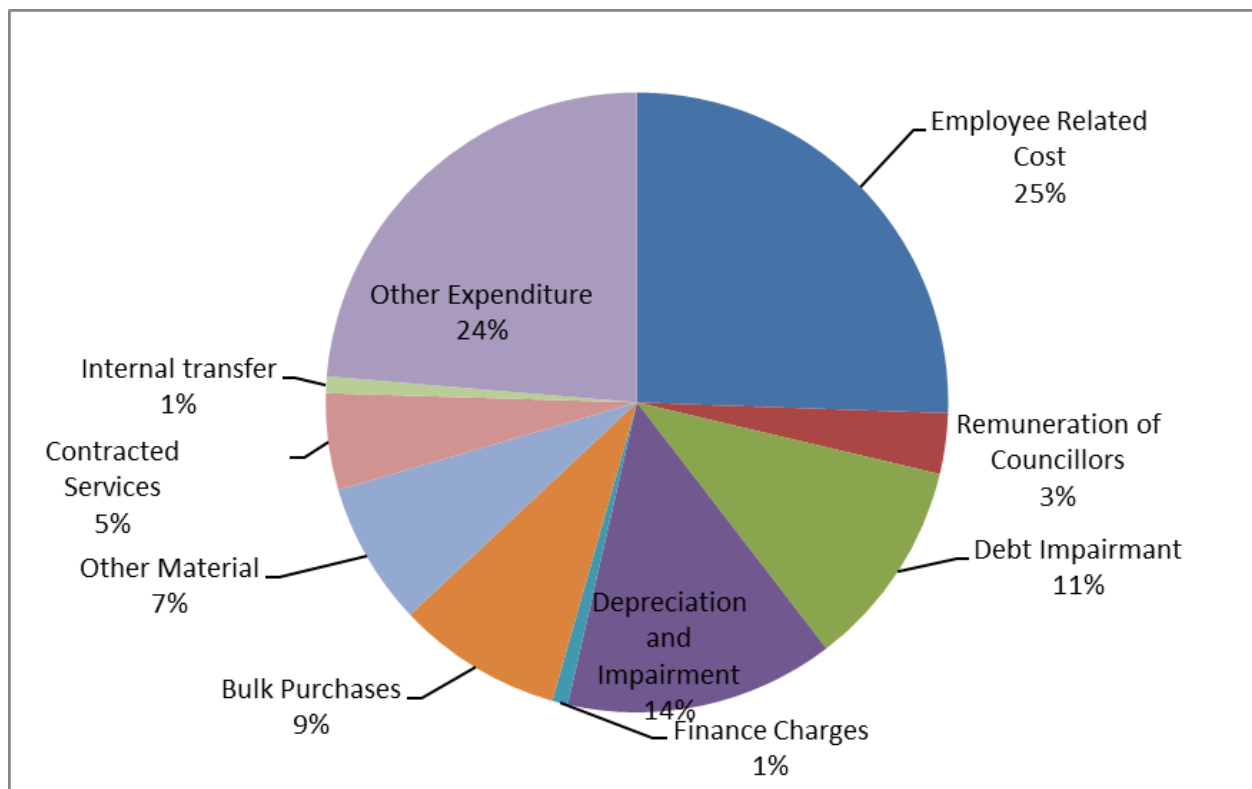


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2017/18 budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
<u>Depreciation by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		-	-	-	-	-	-	89 186	92 809	94 281
Roads Infrastructure		-	-	-	-	-	-	44 633	46 916	46 916
Roads								44 633	46 916	46 916
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	470	493	493
Drainage Collection										
Storm water Conveyance								470	493	493
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	5 641	6 173	6 173
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares								5 641	6 173	6 173
Water Supply Infrastructure		-	-	-	-	-	-	32 928	33 414	34 573
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution								32 928	33 414	34 573
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	5 515	5 813	6 127
Pump Station										
Reticulation								5 515	5 813	6 127
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
<u>Community Assets</u>		-	-	-	-	-	-	3 651	3 848	4 056
Community Facilities		-	-	-	-	-	-	711	749	789
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries								161	169	178
Cemeteries/Crematoria								550	580	611
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	-	-	-	-	2 940	3 099	3 266
Indoor Facilities										
Outdoor Facilities								2 940	3 099	3 266
Capital Spares										
<u>Other assets</u>		-	-	-	-	-	-	7 998	8 430	8 885
Operational Buildings		-	-	-	-	-	-	7 998	8 430	8 885
Municipal Offices								7 998	8 430	8 885
<u>Computer Equipment</u>		-	-	-	-	-	-	7 032	7 395	7 759
Computer Equipment								7 032	7 395	7 759
<u>Furniture and Office Equipment</u>		-	-	-	-	-	-	1 821	1 903	1 971
Furniture and Office Equipment								1 821	1 903	1 971
<u>Machinery and Equipment</u>		-	-	-	-	-	-	1 069	1 110	1 135
Machinery and Equipment								1 069	1 110	1 135
<u>Transport Assets</u>		-	-	-	-	-	-	8 096	8 516	8 941
Transport Assets								8 096	8 516	8 941
<u>Libraries</u>		-	-	-	-	-	-	-	-	-
Libraries										
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	-	-	-	-	-	-	118 854	124 011	127 028

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was decreased by 12,76% in the 2017/18 financial year, taking the refurbishment grant into consideration and based on the original budget.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 22 MBRR A10 (Basic Service Delivery Measurement) on page 51.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2017/18 Medium-term capital budget per vote

Description	Current Year 2017/2018 Medium Term Revenue & Expenditure Framework							
	Adjusted	%	Budget Year	%	Budget Year +1	%	Budget Year +2	%
R Thousand	Budget		2017/2018		2018/2019		2019/2020	
	R,000		R,000		R,000		R,000	
Municipal Council								
Office of the Accounting Officer								
Budget and treasury Office	400	0,19%	300	0,14%	400	0,19%	400	0,18%
Corporate services	7 300	3,45%	4 700	2,19%	1 850	0,88%	1 800	0,81%
Community Services	27 268	12,88%	49 514	23,06%	33 157	15,82%	39 756	17,80%
Planning and Development								
Infrastructure	176 811	83,49%	160 166	74,61%	174 178	83,30%	181 382	81,39%
Total Capital Budget	211 779	100,00%	214 680	100,00%	209 585	100,00%	223 338	100,00%

For 2017/18 an amount of R160,166 has been appropriated for the development of infrastructure which represents 74,61% of the total capital budget. In the outer years this amount totals R174,178 and R181,382 respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 21 MBRR A9 (Asset Management) on page 48. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 107,108,109 and 110). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Community buildings – R15,000,000;
- Informal Trade Stalls – R7,413,975;
- Mogwase Landfill Site Rehabilitation – R12,900,000
- Public lighting – R14,334,590;
- Bulk supply and backlog eradication of water - R76,201,692
- Backlog eradication of roads and storm water– R61,129,246;
- Sanitation- R8,500,000
- Fleet management- replacement and new vehicles – R8,000,000.

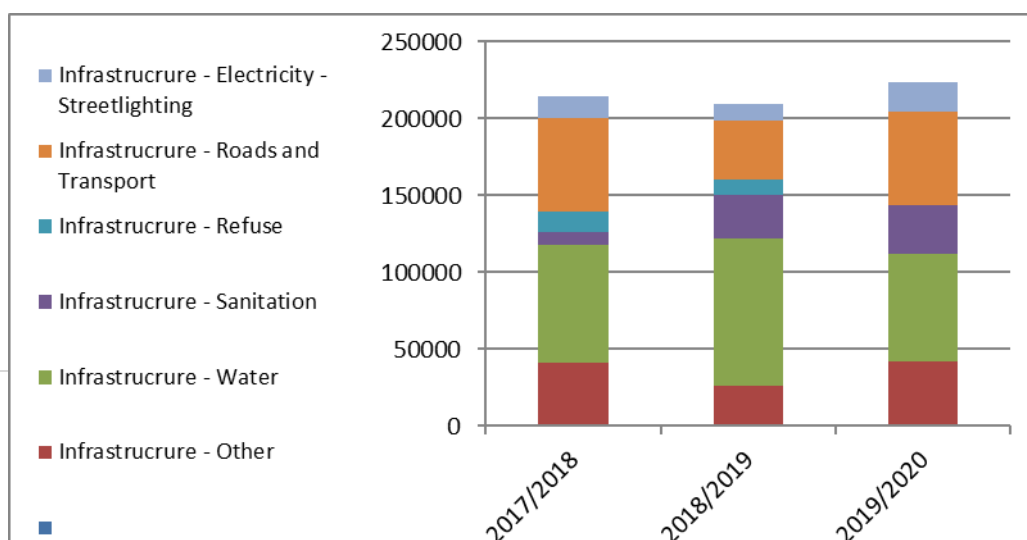
Furthermore pages 114 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF:

The following graph provides a breakdown of the capital budget to be spend on infrastructure related projects over the MTREF

Figure 2 Capital Infrastructure Programme

Description	2017/2018 Medium Term revenue & Expenditure Framework		
	Budget Year	Budget Year +1	Budget Year +2
	2017/2018	2018/2019	2019/2020
R Thousands			
Infrastrucrure - Other	41 614	26 208	41 956
Infrastrucrure - Water	76 202	95 705	70 000
Infrastrucrure - Sanitation	8 500	28 864	31 596
Infrastrucrure - Refuse	12 900	9 200	0
Infrastrucrure - Roads and Transport	61 129	38 808	61 259
Infrastrucrure - Electricity - Streetlighting	14 335	10 800	18 527



1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<u>Financial Performance</u>										
Property rates	-	-	-	-	-	-	-	109 634	113 622	117 798
Service charges	-	-	-	-	-	-	-	181 626	199 788	219 767
Investment revenue	-	-	-	-	-	-	-	9 500	9 500	9 500
Transfers recognised - operational	-	-	-	-	-	-	-	381 723	392 847	416 179
Other own revenue	-	-	-	-	-	-	-	62 477	63 085	64 096
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	744 960	778 842	827 339
Employee costs	-	-	-	-	-	-	-	217 074	231 996	248 681
Remuneration of councillors	-	-	-	-	-	-	-	26 839	28 557	30 385
Depreciation & asset impairment	-	-	-	-	-	-	-	118 854	124 011	127 028
Finance charges	-	-	-	-	-	-	-	6 830	7 314	7 512
Materials and bulk purchases	-	-	-	-	-	-	-	73 200	77 592	82 248
Transfers and grants	-	-	-	-	-	-	-	54 824	60 407	66 497
Other expenditure	-	-	-	-	-	-	-	355 917	355 656	375 014
Total Expenditure	-	-	-	-	-	-	-	853 539	885 531	937 364
Surplus/(Deficit)	-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Transfers and subsidies - capital (monetary allocated)	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
<u>Capital expenditure & funds sources</u>										
Capital expenditure	-	-	-	-	-	-	-	214 680	209 585	223 338
Transfers recognised - capital	-	-	-	-	-	-	-	186 780	207 135	220 938
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	8 000	-	-
Internally generated funds	-	-	-	-	-	-	-	19 900	2 450	2 400
Total sources of capital funds	-	-	-	-	-	-	-	214 680	209 585	223 338
<u>Financial position</u>										
Total current assets	-	-	-	-	-	-	-	338 729	294 943	251 648
Total non current assets	-	-	-	-	-	-	-	1 407 233	1 492 807	1 589 117
Total current liabilities	-	-	-	-	-	-	-	58 250	28 110	28 400
Total non current liabilities	-	-	-	-	-	-	-	87 848	80 611	73 145
Community wealth/Equity	-	-	-	-	-	-	-	1 599 864	1 679 029	1 739 221
<u>Cash flows</u>										
Net cash from (used) operating	-	-	-	-	-	-	-	204 065	250 586	269 563
Net cash from (used) investing	-	-	-	-	-	-	-	(214 680)	(209 585)	(223 338)
Net cash from (used) financing	-	-	-	-	-	-	-	(497)	(8 250)	(8 110)
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	38 888	71 639	109 754
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	-	-	-	-	-	-	-	50 000	55 000	60 000
Application of cash and investments	-	-	-	-	-	-	-	(97 891)	(104 906)	(80 317)
Balance - surplus (shortfall)	-	-	-	-	-	-	-	147 891	159 906	140 317
<u>Asset management</u>										
Asset register summary (WDV)	-	-	-	-	-	-	2 517 980	2 517 980	2 727 565	2 950 903
Depreciation	-	-	-	-	-	-	118 854	118 854	124 011	127 028
Renewal of Existing Assets	-	-	-	-	-	-	-	500	200	200
Repairs and Maintenance	-	-	-	-	-	-	63 290	63 290	54 521	58 061
<u>Free services</u>										
Cost of Free Basic Services provided	-	-	-	-	-	-	50 824	50 824	55 907	61 497
Revenue cost of free services provided	-	-	-	-	-	-	1 503	1 503	1 593	1 689
<u>Households below minimum service level</u>										
Water:	-	-	-	-	-	-	6	6	6	5
Sanitation/sewage:	-	-	-	-	-	-	49	49	48	46
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	75	75	75	75

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the water backlog will have been very nearly eliminated.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	386 375	413 212	435 810
Executive and council		-	-	-	-	-	-	1 000	-	-
Finance and administration		-	-	-	-	-	-	385 375	413 212	435 810
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		0	-	-	-	-	-	6 072	6 124	6 204
Community and social services		-	-	-	-	-	-	1 001	1 052	1 131
Sport and recreation		0	-	-	-	-	-	15	16	17
Public safety		-	-	-	-	-	-	4 000	4 000	4 000
Housing		-	-	-	-	-	-	1 056	1 056	1 056
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	9 275	9 618	10 459
Planning and development		-	-	-	-	-	-	4 275	4 618	5 459
Road transport		-	-	-	-	-	-	5 000	5 000	5 000
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	343 238	349 888	374 867
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	243 312	242 970	260 557
Waste water management		-	-	-	-	-	-	22 338	23 772	25 249
Waste management		-	-	-	-	-	-	77 588	83 146	89 061
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	0	-	-	-	-	-	744 960	778 842	827 339
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	333 135	342 299	360 161
Executive and council		-	-	-	-	-	-	116 982	115 348	122 048
Finance and administration		-	-	-	-	-	-	216 153	226 951	238 113
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	67 672	71 549	75 694
Community and social services		-	-	-	-	-	-	7 716	8 197	8 735
Sport and recreation		-	-	-	-	-	-	47 617	50 458	53 473
Public safety		-	-	-	-	-	-	4 000	4 000	4 000
Housing		-	-	-	-	-	-	8 339	8 894	9 487
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	109 849	118 284	123 033
Planning and development		-	-	-	-	-	-	28 846	31 237	33 946
Road transport		-	-	-	-	-	-	81 003	87 047	89 086
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	342 884	353 398	378 476
Energy sources		-	-	-	-	-	-	18 459	19 720	20 492
Water management		-	-	-	-	-	-	237 349	240 032	257 239
Waste water management		-	-	-	-	-	-	20 586	21 943	23 387
Waste management		-	-	-	-	-	-	66 491	71 703	77 357
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	853 539	885 531	937 364
Surplus/(Deficit) for the year		0	-	-	-	-	-	(108 580)	(106 689)	(110 024)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance and Administration.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - Municipal Council		-	-	-	-	-	-	1 000	-	-
Vote 2 - Office of the Accounting Officer		-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	385 225	413 054	435 643
Vote 4 - Corporate Services		-	-	-	-	-	-	150	158	167
Vote 5 - Community Services		-	-	-	-	-	-	87 604	93 214	99 209
Vote 6 - Planning & Development		-	-	-	-	-	-	1 196	1 256	1 256
Vote 7 - Infrastructure & Technical Services		-	-	-	-	-	-	269 785	271 160	291 065
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	744 960	778 842	827 339
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Council		-	-	-	-	-	-	90 244	83 468	88 452
Vote 2 - Office of the Accounting Officer		-	-	-	-	-	-	26 738	31 880	33 596
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	90 373	94 775	99 383
Vote 4 - Corporate Services		-	-	-	-	-	-	100 972	105 881	111 066
Vote 5 - Community Services		-	-	-	-	-	-	163 623	174 267	185 510
Vote 6 - Planning & Development		-	-	-	-	-	-	24 710	26 819	28 687
Vote 7 - Infrastructure & Technical Services		-	-	-	-	-	-	356 878	368 440	390 671
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	853 539	885 531	937 364
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	(108 579)	(106 688)	(110 025)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water trading services.

Table Surplus/ (Deficit) calculations for the trading services (Water)

Description	Adjusted	2016/2017 MTREF		
		Budget Year	Budget Year + 1	Budget Year + 2
R Thousand	Budget			
	2016/2017	2017/2018	2018/2019	2019/2020
WATER	R,000	R,000	R,000	R,000
Total Revenue (Including capital grants and Transfers)	222 939	243 312	242 970	260 557
Total Operating Expenditure	219 350	237 349	240 032	257 239
Surplus/ (Deficit) for the Year	3 589	5 963	2 938	3 318
Percentage Surplus / (Deficit)	1,61%	2,45%	1,21%	1,27%

2. The water account is subsidised with a portion of the equitable share as the majority of household receive water at RDP level or lower.

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	109 634	113 622	117 798
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	141 700	155 870	171 457
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	4 338	4 772	5 249
Service charges - refuse revenue	2	-	-	-	-	-	-	-	35 588	39 146	43 061
Service charges - other											
Rental of facilities and equipment									-	-	-
Interest earned - external investments									9 500	9 500	9 500
Interest earned - outstanding debtors									51 500	52 000	53 000
Dividends received											
Fines, penalties and forfeits									5 000	5 000	5 000
Licences and permits									4 000	4 000	4 000
Agency services											
Transfers and subsidies									381 723	392 847	416 179
Other revenue	2	-	-	-	-	-	-	-	1 977	2 085	2 096
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	744 960	778 842	827 339
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	217 074	231 996	248 681
Remuneration of councillors									26 839	28 557	30 385
Debt impairment	3								92 453	99 675	107 509
Depreciation & asset impairment	2	-	-	-	-	-	-	-	118 854	124 011	127 028
Finance charges									6 830	7 314	7 512
Bulk purchases	2	-	-	-	-	-	-	-	73 200	77 592	82 248
Other materials	8										
Contracted services		-	-	-	-	-	-	-	24 957	26 304	27 725
Transfers and subsidies		-	-	-	-	-	-	-	54 824	60 407	66 497
Other expenditure	4, 5	-	-	-	-	-	-	-	238 507	229 676	239 780
Loss on disposal of PPE											
Total Expenditure		-	-	-	-	-	-	-	853 539	885 531	937 364
Surplus/(Deficit)		-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Taxation											
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R744,960 in 2017/18 and escalates to R827,339 by 2019/20. This represents a year-on-year increase of 4,5% for the 2018/19 financial year and 6,22% for the 2019/20 financial year.
2. Revenue to be generated from property rates is R109,634 in the 2017/18 financial year and increases to R117,798 by 2019/20 which represents 7,44% of the operating revenue base of the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to, water, sanitation and refuse removal constitutes 24,38% of the revenue basket of the municipality totalling R181,626 for the 2017/18 financial year and increasing to R219,767 by 2019/20. For the 2018/19 financial year services charges amount to 25,65% of the total revenue base and grows by 10% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF by 7,71% and 2,9% and 5,93% for the two outer years. The equitable share remains to most important part of the municipality's revenue base.
5. .

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Accounting Officer		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	-	300	400	400
Vote 4 - Corporate Services		-	-	-	-	-	-	-	4 700	1 850	1 800
Vote 5 - Community Services		-	-	-	-	-	-	-	49 514	33 157	39 756
Vote 6 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Technical Services		-	-	-	-	-	-	-	160 166	174 178	181 382
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	214 680	209 585	223 338
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Accounting Officer		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	214 680	209 585	223 338
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	5 000	2 250	2 200
Executive and council									5 000	2 250	2 200
Finance and administration											
Internal audit											
Community and public safety		-	-	-	-	-	-	-	36 614	23 957	39 756
Community and social services									36 064	23 757	29 556
Sport and recreation									550	200	10 200
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	-	-	-	-	61 129	38 808	61 259
Planning and development											
Road transport									61 129	38 808	61 259
Environmental protection											
Trading services		-	-	-	-	-	-	-	111 937	144 570	120 124
Energy sources									14 335	10 800	18 527
Water management									76 202	95 705	70 000
Waste water management									8 500	28 864	31 596
Waste management									12 900	9 200	
Other											
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	214 680	209 585	223 338
Funded by:											
National Government									186 780	207 135	220 938
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	186 780	207 135	220 938
Public contributions & donations	5										
Borrowing	6								8 000		
Internally generated funds									19 900	2 450	2 400
Total Capital Funding	7	-	-	-	-	-	-	-	214 680	209 585	223 338

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multi-year appropriations have been done.
3. Single-year capital expenditure has been appropriated at R214,680 for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R209,585 and R223,338 respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national- and provincial grants and transfers, borrowing and internally generated funds from current year surpluses. For 2017/18, capital transfers totals R186,780 (87,00%) and escalates to R220,938 by 2019/20 (98,93%). Borrowing has been provided at R8,000,000 for the 2017/18 year with internally generated funding totaling R19,900. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 18 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									10 000	10 000	10 000
Call investment deposits	1	-	-	-	-	-	-	-	40 000	45 000	50 000
Consumer debtors	1	-	-	-	-	-	-	-	275 729	226 943	178 648
Other debtors									10 000	10 000	10 000
Current portion of long-term receivables											
Inventory	2								3 000	3 000	3 000
Total current assets		-	-	-	-	-	-	-	338 729	294 943	251 648
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	-	-	-	-	-	-	-	1 407 233	1 492 807	1 589 117
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		-	-	-	-	-	-	-	1 407 233	1 492 807	1 589 117
TOTAL ASSETS		-	-	-	-	-	-	-	1 745 962	1 787 750	1 840 765
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	8 250	8 110	8 400
Consumer deposits											
Trade and other payables	4	-	-	-	-	-	-	-	50 000	20 000	20 000
Provisions											
Total current liabilities		-	-	-	-	-	-	-	58 250	28 110	28 400
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	50 101	41 991	33 591
Provisions		-	-	-	-	-	-	-	37 747	38 620	39 554
Total non current liabilities		-	-	-	-	-	-	-	87 848	80 611	73 145
TOTAL LIABILITIES		-	-	-	-	-	-	-	146 098	108 721	101 545
NET ASSETS	5	-	-	-	-	-	-	-	1 599 864	1 679 029	1 739 221
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									1 599 864	1 679 029	1 739 221
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	1 599 864	1 679 029	1 739 221

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 58 is supported by an extensive table of notes (SA3 which can be found on page 129) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;

- Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									93 766	100 804	106 853
Service charges									82 348	90 583	99 641
Other revenue									6 977	7 085	7 095
Government - operating	1								381 723	392 847	416 179
Government - capital	1								186 780	207 135	220 938
Interest									29 967	30 500	31 000
Dividends									-	-	-
Payments											
Suppliers and employees									(570 667)	(571 054)	(604 631)
Finance charges									(6 830)	(7 314)	(7 512)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	204 065	250 586	269 563
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(214 680)	(209 585)	(223 338)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(214 680)	(209 585)	(223 338)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									8 000	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									(8 497)	(8 250)	(8 110)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	(497)	(8 250)	(8 110)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	(11 112)	32 751	38 115
Cash/cash equivalents at the year begin:	2								50 000	38 888	71 639
Cash/cash equivalents at the year end:	2								38 888	71 639	109 754

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	38 888	71 639	109 754
Other current investments > 90 days		-	-	-	-	-	-	-	11 112	(16 639)	(49 754)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	-	-	50 000	55 000	60 000
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	-	-	-	-	(97 891)	(104 906)	(80 317)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	-	-	-	-	-	(97 891)	(104 906)	(80 317)
Surplus(shortfall)		-	-	-	-	-	-	-	147 891	159 906	140 317

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 21 MBRR Table A9 - Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
		R thousand									
CAPITAL EXPENDITURE		1	-	-	-	-	-	-	214 180	209 385	223 138
Total New Assets			-	-	-	-	-	-	61 129	38 808	61 259
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	13 635	10 800	18 527
Water Supply Infrastructure			-	-	-	-	-	-	76 202	95 705	70 000
Sanitation Infrastructure			-	-	-	-	-	-	8 500	28 864	31 596
Solid Waste Infrastructure			-	-	-	-	-	-	12 900	9 200	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	172 366	183 378	181 382
Community Facilities			-	-	-	-	-	-	26 914	23 757	21 259
Sport and Recreation Facilities			-	-	-	-	-	-	300	-	18 297
Community Assets			-	-	-	-	-	-	27 214	23 757	39 556
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	900	-	-
Housing			-	-	-	-	-	-	700	-	-
Other Assets			-	-	-	-	-	-	1 600	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	1 000	400	350
Furniture and Office Equipment			-	-	-	-	-	-	3 550	1 600	1 600
Machinery and Equipment			-	-	-	-	-	-	450	250	250
Transport Assets			-	-	-	-	-	-	8 000	-	-
Libraries			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	
Total Renewal of Existing Assets		2	-	-	-	-	-	500	200	200	
Computer Equipment			-	-	-	-	-	500	200	200	
Total Capital Expenditure		4	-	-	-	-	-	-	61 129	38 808	61 259
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	13 635	10 800	18 527
Water Supply Infrastructure			-	-	-	-	-	-	76 202	95 705	70 000
Sanitation Infrastructure			-	-	-	-	-	-	8 500	28 864	31 596
Solid Waste Infrastructure			-	-	-	-	-	-	12 900	9 200	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	172 366	183 378	181 382
Community Facilities			-	-	-	-	-	-	26 914	23 757	21 259
Sport and Recreation Facilities			-	-	-	-	-	-	300	-	18 297
Community Assets			-	-	-	-	-	-	27 214	23 757	39 556
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	900	-	-
Housing			-	-	-	-	-	-	700	-	-
Other Assets			-	-	-	-	-	-	1 600	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	1 500	600	550
Furniture and Office Equipment			-	-	-	-	-	-	3 550	1 600	1 600
Machinery and Equipment			-	-	-	-	-	-	450	250	250
Transport Assets			-	-	-	-	-	-	8 000	-	-
Libraries			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class			-	-	-	-	-	214 680	209 585	223 338	

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	2017/18	+1 2018/19	+2 2019/20
R thousand										
ASSET REGISTER SUMMARY - PPE (WDV)										
Roads Infrastructure	5							719 134	757 943	819 202
Storm water Infrastructure										
Electrical Infrastructure								71 903	82 703	101 230
Water Supply Infrastructure								969 425	1 065 130	1 135 130
Sanitation Infrastructure								146 099	174 964	206 560
Solid Waste Infrastructure								138 549	147 749	147 749
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		-	-	-	-	-	-	2 045 110	2 228 489	2 409 872
Community Facilities								163 220	186 977	208 235
Sport and Recreation Facilities								53 278	53 278	71 574
Community Assets		-	-	-	-	-	-	216 498	240 255	279 809
Heritage Assets										
Revenue Generating										
Non-revenue Generating								14	14	14
Investment properties		-	-	-	-	-	-	14	14	14
Operational Buildings								60 748	60 748	60 748
Housing								700	700	700
Other Assets		-	-	-	-	-	-	61 448	61 448	61 448
Biological or Cultivated Assets										
Servitudes										
Licences and Rights										
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment								81 154	81 754	82 304
Furniture and Office Equipment								18 741	20 341	21 942
Machinery and Equipment								7 734	7 984	8 234
Transport Assets								83 156	83 156	83 156
Libraries								4 124	4 124	4 124
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	-	2 517 980	2 727 565	2 950 903
EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	-	-	-	-	118 854	124 011	127 028
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	63 290	54 521	58 061
Roads Infrastructure		-	-	-	-	-	-	6 000	8 000	8 500
Storm water Infrastructure		-	-	-	-	-	-	1 300	1 370	1 444
Electrical Infrastructure		-	-	-	-	-	-	2 700	2 846	2 999
Water Supply Infrastructure		-	-	-	-	-	-	25 009	14 354	13 230
Sanitation Infrastructure		-	-	-	-	-	-	600	632	667
Solid Waste Infrastructure		-	-	-	-	-	-	11 800	12 437	13 108
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	47 409	39 640	39 948
Community Facilities		-	-	-	-	-	-	500	527	555
Sport and Recreation Facilities		-	-	-	-	-	-	1 000	1 054	1 110
Community Assets		-	-	-	-	-	-	1 500	1 581	1 666
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	5 900	6 117	6 443
Housing		-	-	-	-	-	-	1 000	1 054	1 111
Other Assets		-	-	-	-	-	-	6 900	7 171	7 554
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	100	105	111
Furniture and Office Equipment		-	-	-	-	-	-	1 800	1 581	1 452
Machinery and Equipment		-	-	-	-	-	-	1 800	2 010	2 010
Transport Assets		-	-	-	-	-	-	3 781	2 423	5 310
Libraries		-	-	-	-	-	-	-	10	10
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	-	-	-	-	-	182 144	178 532	185 089

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality is not in a position to meet the requirements due to its limited revenue base.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog.

Table 22 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	6 000	6 200	6 500
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	18 600	18 900	19 300
Using public tap (at least min.service level)	2	-	-	-	-	-	-	44 295	44 295	44 175
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	68 895	69 395	69 975
Using public tap (< min.service level)	3	-	-	-	-	-	-	6 300	5 800	5 220
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	6 300	5 800	5 220
Total number of households	5	-	-	-	-	-	-	75 195	75 195	75 195
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	7 000	7 000	7 000
Flush toilet (with septic tank)		-	-	-	-	-	-	5 000	5 000	5 000
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	14 000	15 500	17 000
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	26 000	27 500	29 000
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	49 195	47 695	46 195
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	49 195	47 695	46 195
Total number of households	5	-	-	-	-	-	-	75 195	75 195	75 195
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	75 195	75 195	75 195
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	75 195	75 195	75 195
Total number of households	5	-	-	-	-	-	-	75 195	75 195	75 195
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	22 397	22 846	23 303
Sanitation (free minimum level service)		-	-	-	-	-	-	1 257	1 257	1 257
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	67 844	67 844	67 844
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	23 867	26 254	28 879
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	474	521	573
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	26 484	29 132	32 045
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	50 824	55 907	61 497
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	17 000	17 000	17 000
Water (kilolitres per household per month)		-	-	-	-	-	-	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (R and per household per month)		-	-	-	-	-	-	36	39	43
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	1 503	1 593	1 689
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	-	-	-	-	1 503	1 593	1 689

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 6,82% of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule. Key dates applicable to the process were:

- September 2016 – Joint strategic planning session of the Executive Committee and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2017/18 MTREF;
- November 2016 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- January 2017 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- January 2017 – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- February 2017 - Council considers the 2016/17 Mid-year Review and Adjustments Budget;
- February 2017 - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2016/17 MTREF is revised accordingly;
- March 2017 - Tabling in Council of the draft 2017/18 IDP and 2017/18 MTREF for public consultation;
- April 2017 – Public consultation;
- April 2017 - Closing date for written comments;
- April 2017 – finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- 31 May 2017 - Tabling of the 2017/18 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The review of the IDP started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master

planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 85, and 86 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2017/18 MTREF as tabled before Council in March 2017 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback was also communicated on the municipality's website, and the municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

The first round of community participation took place from October 2016 to November 2016. Ward Committees were utilised to facilitate the community consultation process from during April 2017, and included ten public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 500 were recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and meetings were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2017/18 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

Several complaints were received regarding poor service delivery, water provision and the state of road infrastructure;

Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised

The affordability of tariff increases, especially water, was raised on numerous occasions.

This concern was also raised by organized business as an obstacle to economic growth;

Pensioners cannot afford the tariff increases due to low annual pension increases; and

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The implementation of the NDP through the RRR (rebranding, repositioning and renewal) approach, anchored on a new approach of the five (5) concretes has also been considered and budgeted under the Operating and Capital Budget.

The five (5) concretes are the following:

- ACT (Agriculture, Culture and Tourism);
- VTSD (Villages, Townships and Small Dorpies);
- RHR (Reconciliation, Healing and Renewal);
- Setsokotsane (comprehensive & integrated service delivery campaign)
- Saamwerk-Saamtrek (call for unity of purpose above race divisions).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development,

economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide municipal planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective municipal cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole;
- and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4-Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
To provide access to basic services to the community in a sustainable manner(INF)	Provision of water and sanitation at RDP level.Avail and maintaine of all other Infrastructure and other assets									269 785	271 160	291 065	
To provide effective community services to the community (COMM)	Provision of refuse removal, waste management and environmental services Promotion of arts and culture Safety and security Transport and Traffic									87 604	93 214	99 209	
To promote local economic development, rural development and human Settlement(LED)	Facilitation,coordination and implementation of LED projects Support of SMMES Promotion of economic opportunities Facilitate creation of jobs Spatial development									1 196	1 256	1 256	
To provide effective financial management and financial viability (BOT)	Collection of rates,service charges, subsidies and all grants. Fair, transparent, competitive and cost effective procurement system. Compilation of annual budget according to MFMA Value for money expenditure									385 225	413 054	435 643	
To provide sustainable governance for local communities and good governance for the municipality and	Development of bylaws. Well functioning of Council and its Committees. Community participation and empowerment. Auditing services									1 150	159	166	
To improve institutional development and transformation	Development of credible IDP Development of Performance management System Promotion of employment equity Skills development and capacity building												
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	-	-	-	-	-	-	744 960	778 843	827 339

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
To provide access to basic services to the community in a sustainable manner(INF)	Provision of water and sanitation at RDP level.Avail and maintaine of all other Infrastructure and other assets									269 785	271 160	291 065
To provide effective community services to the community (COMM)	Provision of refuse removal, waste management and environmental services Promotion of arts and culture Safety and security Transport and Traffic									181 467	193 074	205 332
To promote local economic development, rural development and human development	Facilitation,coordination and implementation of LED projects Support of SMMES Promotion Facilitate creation of jobs Spatial development									24 710	26 819	28 687
To provide effective financial management and financial viability (BOT)	Collection of rates,service charges, subsidies and all grants. Fair, transparent, competitive and cost effective procurement system. Compilation of annual budget according to MFMA Value for money expenditure									90 373	94 775	99 383
To provide sustainable governance for local communities and good governance for the municipality (CORP)	Development of bylaws. Well functioning of Council and its Committees. Community participation and empowerment. Auditing services									287 204	299 703	312 897
To improve institutional development and transformation	Development of credibale IDP Development of Performance management System Promotion of employment equity Skills development and capacity building											
Allocations to other priorities												
Total Expenditure				1	-	-	-	-	-	853 539	885 531	937 364

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
To provide access to basic services to the community in a sustainable manner(INF)	Provision of water and sanitation at RDP level.Avail and maintaine of all other	A								160 166	174 178	181 382
	Infrastructure and other assets	B										
To provide effective community services to the community (COMM)	Provision of refuse removal, waste management and environmental services	C								49 514	33 157	39 756
	Promotion of arts and culture Safety and security Transport and Traffic	D										
To promote local economic development, rural development and human settlement	Facilitation,coordination and implementation of LED projects	E										
	Support of SMMES Promotion											
	Facilitate creation of jobs	F										
	Spatial development											
		G										
		H										
To provide effective financial management and financial viability (BTO)	Collection of rates,service charges, subsidies and all grants. Fair, transparent,	I								300	400	400
	competitve and cost effective procurement system. Compilation of annual budget	J										
	according to MFMA Value for money expenditure	K										
To provide sustainable governance for local communities and good governance for the municipality	Development of by laws. Well functioning of Council and its Committees. Community	L								4 700	1 850	1 800
	participation and empowerment. Auditing services	M										
To improve institutional development and transformation	Development of credibale IDP	N										
	Development of Performance management System											
	Promotion of employment equity Skills development and capacity building	O										
		P										
Allocations to other priorities				3								
Total Capital Expenditure				1	-	-	-	-	-	214 680	209 585	223 338

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative

requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

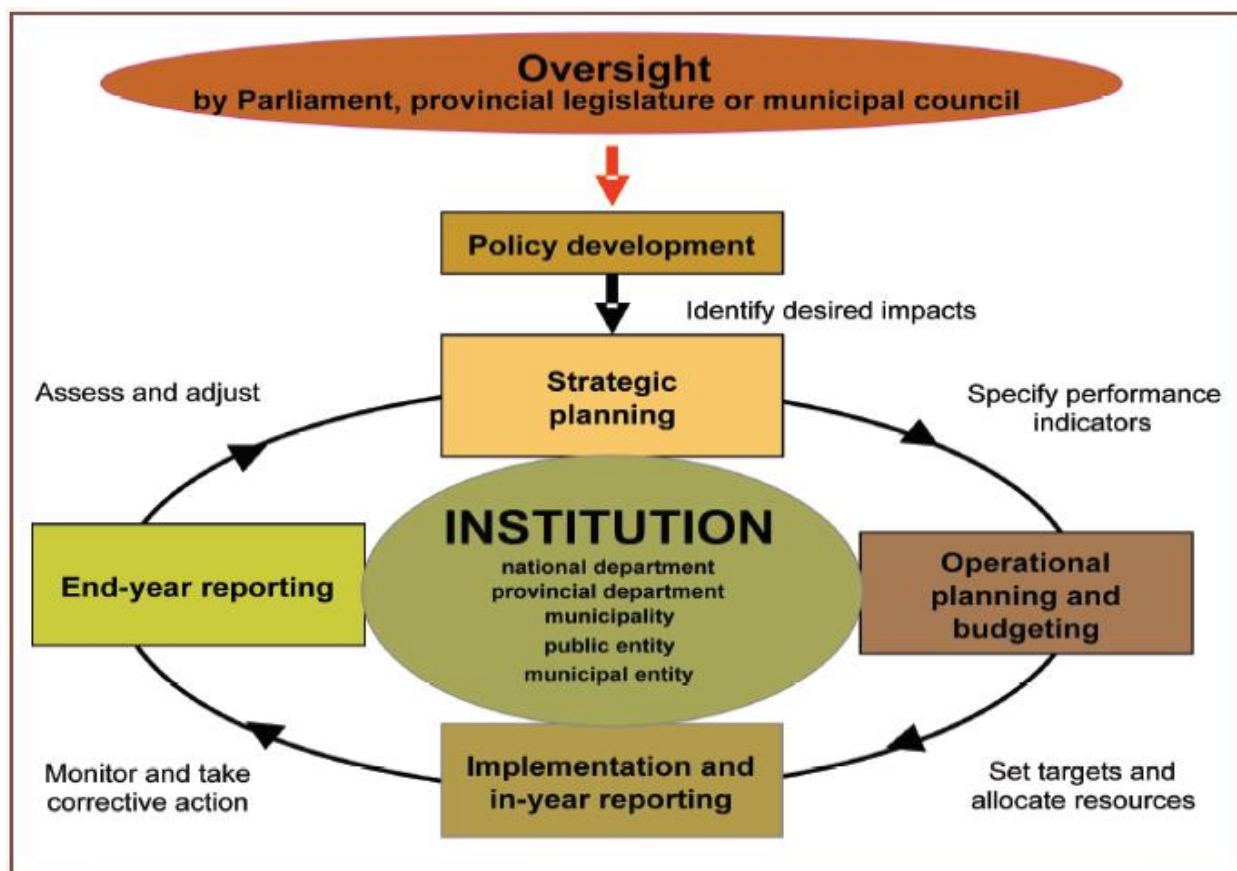


Figure 3 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Moses Kotane Local Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by MKLM in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

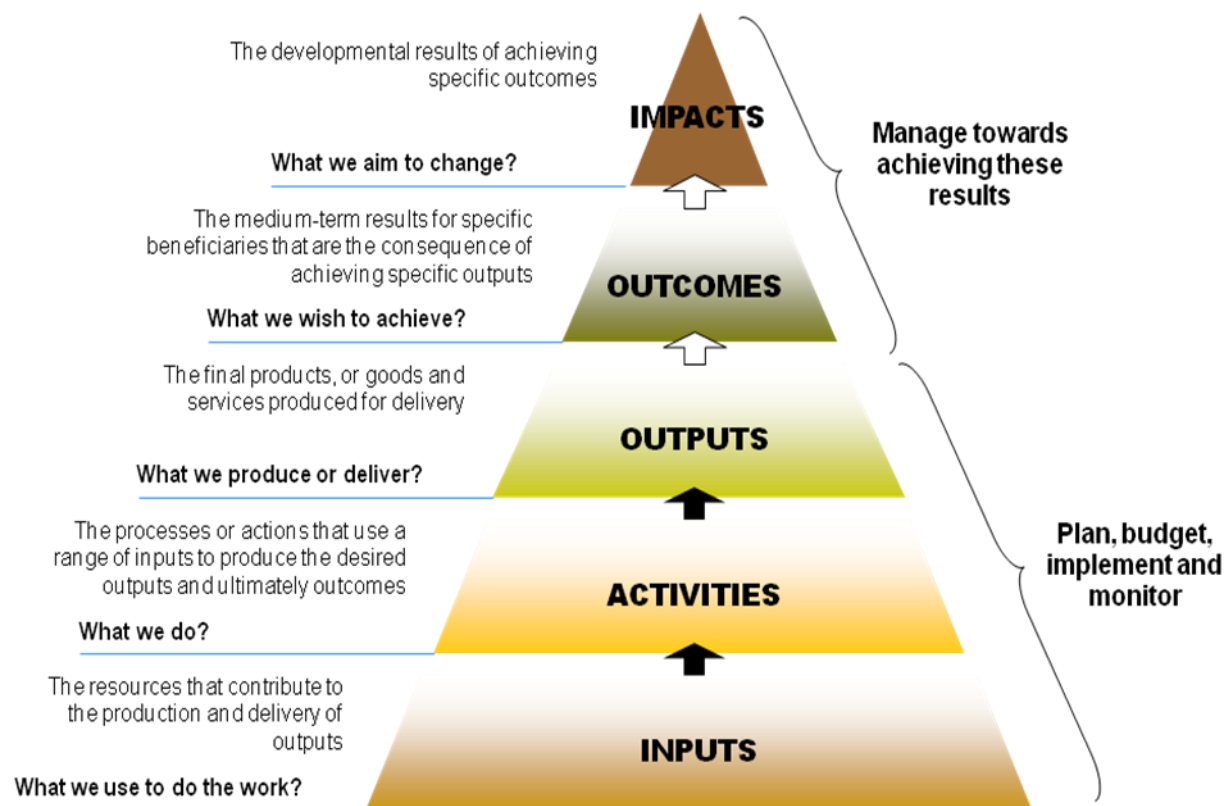


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 7 - Infrastructure	Kilometers									
Function 1 - (name)	Kilometers							9	5	9
Sub-function 1 - (name)										
Roads										
Sub-function 2 - (name)										
Streetlights/Highmasts	Number of streetlighting							38	30	45
Sub-function 3 - (name)										
Water										
	Yard connections							393	393	393
Function 2 - (name)	VIPs provided									
Sub-function 1 - (name)								1345	4567	5000
Sanitation										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - Community Services										
Function 1 - (name)										
Sub-function 1 - (name)	Number									
Refuse Removal	House holds weekly							75152	75152	75152
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)	Number of sports parks									1
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	1,8%	1,8%	1,7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	4,2%	4,0%	3,8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	28,7%	0,0%	0,0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	–	–	–	–	–	–	–	5,8	10,5	8,9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	–	–	–	–	5,8	10,5	8,9
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	–	–	–	–	0,9	2,0	2,1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	60,5%	61,1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	60,5%	61,1%	61,2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	38,4%	30,4%	22,8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	128,6%	27,9%	18,2%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	29,1%	29,8%	30,1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%		32,7%	33,5%	33,7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%		8,5%	7,0%	7,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	16,9%	16,9%	16,3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	–	–	–	–	–	–	–	9,4	9,9	10,5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	98,1%	75,6%	55,9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	–	–	–	–	0,9	1,5	2,2

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Moses Kotane Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF.

The municipality's debt profile provides some interesting insights on the future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the municipality's debt service profile, which predicts large debt service costs between 2017 and 2020.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 5,8 in the 2017/18 financial year and 10,5 and 38,9 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.4 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

2.3.1.5 Other Indicators

- The water distribution losses are of serious concern and provision has been made in the capital budget for water loss control equipment.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water and refuse in the rural areas only registered indigents qualify for the free basic services.

For the 2017/18 financial year 30 000 registered indigents have been provided for in the budget with this figured increasing to 34 000 by 2019/20. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 Kwh of electricity, free sanitation and free waste removal equivalent to one removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 22 MBRR A10 (Basic Service Delivery Measurement) on page 51.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the municipality's bulk water needs are provided directly by Magalies Water in the form of purified water. The remaining 29 per cent is generated from the municipality's own water sources, such as boreholes and small dams.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- Eskom is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in May 2012 are currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the funds provided in the EPWP should aim to link the registered indigent households to development, skills and job opportunities. The programme also seeks to

ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/18 MTREF has been prepared on the basis of actual payments received for services rendered. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels.

The threshold for indigent households and pensioners has been determined at double the amount payable for old age pension.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Approval Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in December 2005. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. A Standard Operating Procedure Manual on SCM has been developed and implemented.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2010.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy were amended by Council in May 2010. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has been revised and is submitted for approval. Provision for a 100 per cent subsidy for indigents and pensioners has been provided.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

2.5 Overview of budget assumptions

2.5.1 External factors

The official unemployment rate rose to 26,5 percent of the labour force.

The total number of unemployed people stood at 5,78million

It is expected that recovery from this deterioration will be slow and uneven.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;

- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 25,43%(Excluding depreciation) of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. Credit rating outlook

Table 28 Credit rating outlook

Security class	Currency	Rating	Annual rating 2017	Previous Rating
Short term	Rand	Prime -1	20 April 2010	Prime -1
Long-term	Rand	Baa2	03 April 2017	Aa3
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Baa2
Defined as low-grade. “Baa2” rated are judged to be at a very low credit risk.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/18 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is based on actual payments on billings. Cash flow is assumed to be in line with the provision plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

It is important to note that Moses Kotane is a predominately rural municipality with 107 of the 109 towns and villages under traditional management with limited revenue derived from the informal villages. Formalisation of these rural villages should be addressed as a high priority to broaden the municipality's revenue base.

2.5.6 Salary increases

Provision has been made for a 7,5% salary increase in terms of the guidelines from National Treasury

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table breakdown of the operating revenue over the medium term

Description	2017/2018 Medium Term Revenue & Expenditure Framework				
			Budget Year +1		Budget Year +2
	Budget Year				
R Thousands	2017/2018	%	2018/2019	%	2019/2020
Property Rates	109 634	15 %	113 622	15 %	117 798
Service Charges	181 626	24 %	199 788	26 %	219 767
Investment revenue	9 500	1 %	9 500	1 %	9 500
Transfers Recognised - Operational	381 723	51 %	392 847	50 %	416 179
Other Own Revenue	62 477	8 %	63 085	8 %	64 095
Total Operating Revenue (Excluding Capital Transfers and Contributions)	744 960	10 0 %	778 842	10 0 %	827 339
Total Operating Expenditure	853 539		887 485		940 036
Surplus(Deficit)	-108 579		-108 643		-112 697

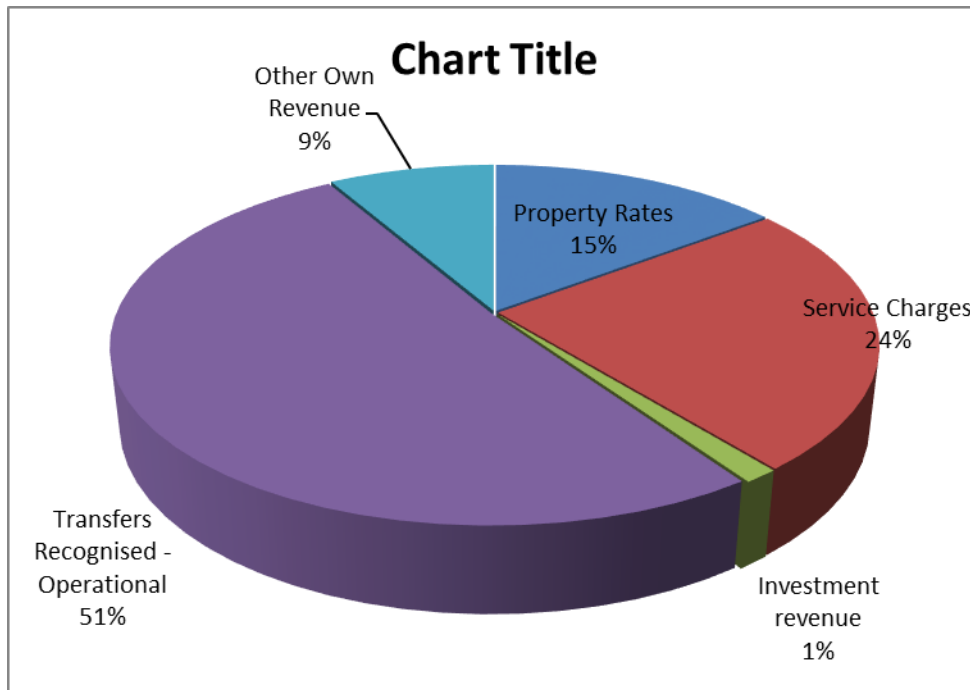


Figure 7 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a collection rate as budgeted for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

	2017/2018	2018/2019	2019/2020	2017/2018	2018/2019	2019/2020
Revenue Category	Proposed Tariff	Proposed Tariff	Proposed Tariff	Additional	Additional	Budget
	Increase	Increase	Increase	Revenue for	Revenue owing to	Revenue
				each 1% Tariff	6% and 10% Tariff	
				Increases	Increases	
Property Rates		6,00%	6,00%	635	3 811	109 634
Sanitation	10,00%	10,00%	10,00%	41	418	7 338
Solid Waste	10,00%	10,00%	10,00%	275	2 745	35 588
Water	10,00%	10,00%	10,00%	1 337	13 373	141 700
TOTAL				2 288	20 347	294 260

Revenue to be generated from property rates is R109,634,022 in the 2017/18 financial year and increases to R117,798,373 by 2019/20 which represents 30,18% of the municipalities own operating revenue base.. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to water, sanitation and refuse removal constitutes the biggest component of the local revenue basket of the municipality totalling R181,625,595 for the 2017/18 financial year and increasing to R219,669,971 by 2019/20. For the 2017/18 financial year services charges amount to 50,00 per cent of the total revenue base and grows by 10 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water and other operating costs.

Operational grants and subsidies amount to R381,723,497, R392,847,230 and R416,178,833 for each of the respective financial years of the MTREF, or 51,24, 50,43 and 50,30 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing by 7,71 per cent over the MTREF by 2,9 per cent and by 5,9 per cent and 20,72 for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue indicates that the municipality remains highly dependent on grants.

Investment revenue and interest on outstanding debtors contributes high amounts to the revenue base of the municipality with a budget allocation of R61,000,000, R61,500,000 and R62,500,000 for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank								40 000	45 000	50 000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	40 000	45 000	50 000
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	40 000	45 000	50 000

Table 31 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID		Yrs/Months												
<u>Parent municipality</u>														
ABSA		Variable	Call Account	No	Variable	Between 5,8 and 6,00	0	N/A	Daley	39 716				39 716
ABSA		1 Year	Fixed	Yes	Fixed	0,07	0	N/A	29 July 2017	265	19			284
				107700										-
				Deposit Eskom										-
														-
														-
														-
Municipality sub-total										39 981		-	-	40 000
<u>Entities</u>														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST										39 981		-	-	40 000

The MTREF therefore provides for a budgeted surplus of R1,778,451, R7,117,097 and R6,220,702 in each of the financial years. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

Vote Description		2017/2018 Medium Term Revenue & Expenditure Framework				
		Budget Year		Budget Year +1	Budget Year +1	
R Thousands	2017/2018	2017/2018	%	2018/2019	%	2019/2020
Funded By:						
National Government	186 780	186 780		207 135	220 938	
Provincial Government						
Transfers Recognised - Capital	186 780	186 780	87%	207 135	220 938	99%
Borrowing	8 000	8 000	4%			
Internal Generated Funds	19 900	19 900	9%	2 450	2 400	1%
Total Capital Funding	214 680	214 680	100%	209 585	223 338	100%

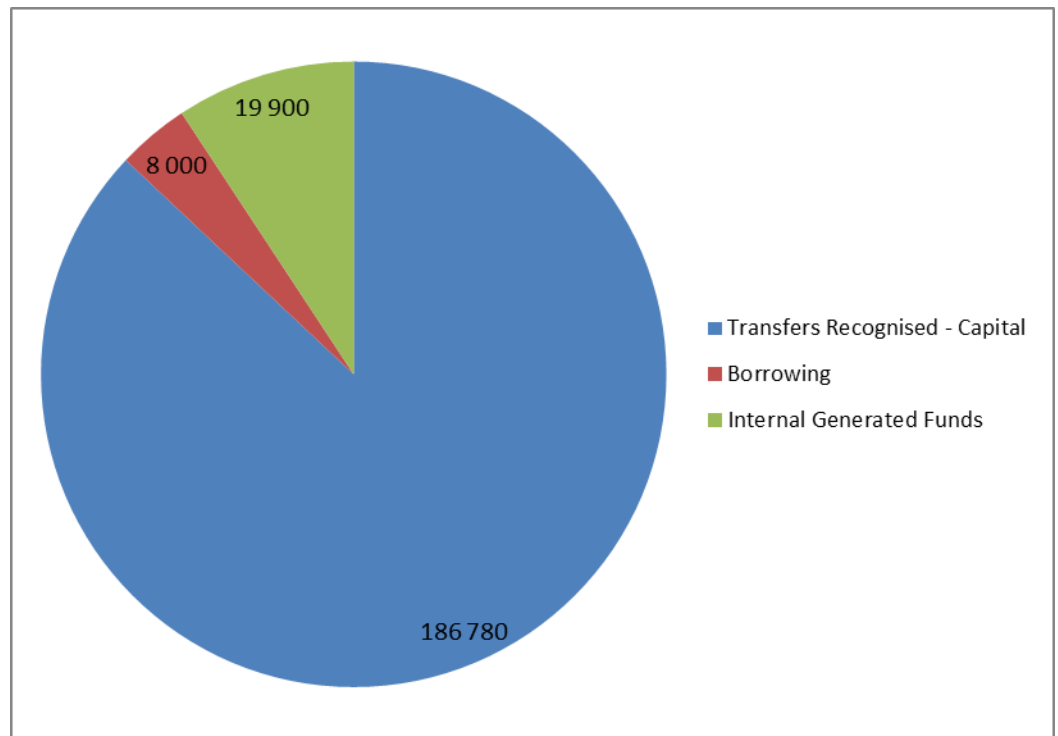


Figure 8 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 87 per cent of the total funding source which represents R186,779,503 for the 2017/18 financial year and steadily increase to R220,938,167 or 98,93 per cent by 2019/20.

As explained earlier, the borrowing capacity of the municipality has essentially reached its limits and going forward borrowing limits will remain nominal if any.

The following table is a detailed analysis of the municipality's borrowing liability.

Borrowing - Categorized by type R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans								58 351	50 101	41 991
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	58 351	50 101	41 991
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	58 351	50 101	41 991

Table 33 MBRR Table SA 17 - Detail of borrowings

The following graph illustrates the decrease in borrowing for the 2017/2018 to 2019/20 period.

Detail of Borrowing R Thousands	2017/2018 Medium Term revenue & Expenditure Framework		
	Budget Year		
	2017/2018	Budget Year +1 2018/2019	Budget Year +2 2019/2020
Parent Municipality			
Long-Term Loans(annuity/Reducing Balance)	58 351	50 101	41 991

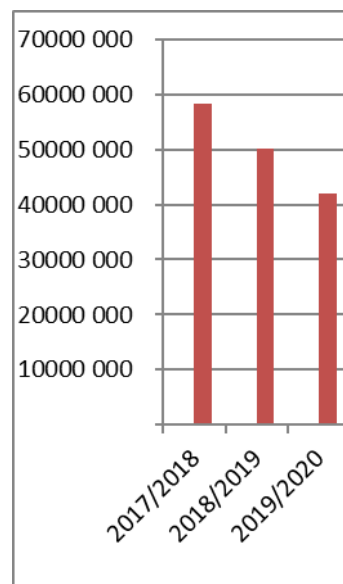


Figure 7 growth in outstanding borrowing (long term liabilities)

The above graph indicates that the municipality's borrowing will decline over the MTREF

Table 34 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	380 773	391 847	415 101
Local Government Equitable Share								357 438	385 729	408 142
Finance Management								1 700	1 700	1 700
EPWP Incentive								1 000		
Water Services Operating Subsidy								16 500		
PMU								4 135	4 418	5 259
Provincial Government:		-	-	-	-	-	-	950	1 000	1 078
Sport and Recreation								950	1 000	1 078
PMU										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	381 723	392 847	416 179
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	186 780	207 135	220 938
Municipal Infrastructure Grant (MIG)								148 280	157 135	165 938
Water Infrastructure Grant								38 500	50 000	55 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	186 780	207 135	220 938
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	568 503	599 982	637 117

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 35 MBRR Table A7 - Budget cash flow statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									93 766	100 804	106 853
Service charges									82 348	90 583	99 641
Other revenue									6 977	7 085	7 095
Government - operating	1								381 723	392 847	416 179
Government - capital	1								186 780	207 135	220 938
Interest									29 967	30 500	31 000
Dividends									-	-	-
Payments											
Suppliers and employees									(570 667)	(571 054)	(604 631)
Finance charges									(6 830)	(7 314)	(7 512)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	204 065	250 586	269 563
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(214 680)	(209 585)	(223 338)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(214 680)	(209 585)	(223 338)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									8 000	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									(8 497)	(8 250)	(8 110)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	(497)	(8 250)	(8 110)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	(11 112)	32 751	38 115
Cash/cash equivalents at the year begin:	2								50 000	38 888	71 639
Cash/cash equivalents at the year end:	2								38 888	71 639	109 754

the above table shows that the cash and cash equivalents of the municipality were largely depleted but will increase with the strict debt collection that will be implement as from 1 July 2017.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not

appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 36 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	38 888	71 639	109 754
Other current investments > 90 days		-	-	-	-	-	-	-	11 112	(16 639)	(49 754)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	-	-	50 000	55 000	60 000
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	(97 891)	(104 906)	(80 317)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	-	-	(97 891)	(104 906)	(80 317)
Surplus(shortfall)		-	-	-	-	-	-	-	147 891	159 906	140 317

From the above table it can be seen that the cash and investments available shows figures that are dropping during the 2017/2018 and outer years of the MTREF.

The above is due to the fact that all capital grants will be spend in future and that there will be no rollovers again.

2.6.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 37 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	-	-	38 888	71 639	109 754
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	147 891	159 906	140 317
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	0,9	1,5	2,2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Service charge rev % change - macro CPX target exclusive	18(1)a,(2)	5	N.A.	(6,0%)	(6,0%)	(6,0%)	(6,0%)	(6,0%)	(6,0%)	(6,0%)	1,6%	1,7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	51,8%	52,7%	53,2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	31,7%	31,8%	31,8%
Capital payments % of capital expenditure	18(1)c,19	8	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	28,7%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	(17,1%)	(20,4%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	4,5%	3,7%	3,7%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,2%	0,1%	0,1%

2.6.3.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's cash position is negative for previous financial year but positive for the MTREF based on the assumption that the debt collection policy adopted on 28 February 2014 with the adjustment budget is applied strictly and consistently.

2.6.3.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 19, on page 47. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.3.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.3.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF the indicative outcome is a relative small surplus and turns negative when depreciation is set off against revenue.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.3.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 51,8 , 52,7 and 53,2per cent for each of the respective financial years. Given that the assumed collection rate was based on a 60 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.3.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 31,7 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.3.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100% payment of capital expenditure is provided for.

2.6.3.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 75.4 per cent of own funded capital for the 2013/14 financial year and decrease to zero in the two outer years. Further details relating to the borrowing strategy of the municipality can be found on 66.

2.6.3.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for as per the Division of Revenue Act (DoRA). The municipality has budgeted for all transfers.

2.6.3.10 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.6.3.11 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 52 MBRR SA34b on page 110.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 38 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	380 773	391 847	415 101
Local Government Equitable Share								357 438	385 729	408 142
Finance Management								1 700	1 700	1 700
EPWP Incentive								1 000		
Water Services Operating Subsidy								16 500		
PMU								4 135	4 418	5 259
Provincial Government:		-	-	-	-	-	-	950	1 000	1 078
Sport and Recreation								950	1 000	1 078
PMU										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	381 723	392 847	416 179
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	186 780	207 135	220 938
Municipal Infrastructure Grant (MIG)								148 280	157 135	165 938
Water Infrastructure Grant								38 500	50 000	55 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	186 780	207 135	220 938
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	568 503	599 982	637 117

Table 39 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 40 MBRR SA22 - Summary of councillor and staff benefits

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages								17 024	18 114	19 273
Pension and UIF Contributions								2 554	2 717	2 891
Medical Aid Contributions								415	441	470
Motor Vehicle Allowance								4 981	5 299	5 639
Cellphone Allowance								1 866	1 986	2 113
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		-	-	-	-	-	-	26 839	28 557	30 385
% increase	4	-	-	-	-	-	-	-	6,4%	6,4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								6 473	6 926 000,00	7 411
Pension and UIF Contributions								636	680 656,00	728
Medical Aid Contributions								116	123 692,00	132
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3							252	269 640,00	289
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	7 477	8 000	8 560
% increase	4	-	-	-	-	-	-	-	7,0%	7,0%
Other Municipal Staff										
Basic Salaries and Wages								159 062	169 982	181 885
Pension and UIF Contributions								#####	30 655	33 128
Medical Aid Contributions								8 715	9 326	10 053
Overtime								7 860	8 353	8 938
Performance Bonus										
Motor Vehicle Allowance	3							708	757	811
Cellphone Allowance	3									
Housing Allowances	3							1 018	1 089	1 204
Other benefits and allowances	3							3 583	3 834	4 102
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	-	-	-	-	-	209 597	223 996	240 121
% increase	4	-	-	-	-	-	-	-	6,9%	7,2%
Total Parent Municipality		-	-	-	-	-	-	243 913	260 553	279 066
			-	-	-	-	-	-	6,8%	7,1%
TOTAL SALARY, ALLOWANCES & BENEFITS		-	-	-	-	-	-	243 913	260 553	279 066
% increase	4	-	-	-	-	-	-	-	6,8%	7,1%
TOTAL MANAGERS AND STAFF	5,7	-	-	-	-	-	-	217 074	231 996	248 681

Table 41 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

[illegible]

Table 42 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)		4	62		62	62		62	68		68
Board Members of municipal entities		5									
Municipal employees											
Municipal Manager and Senior Managers		3	6		6	6		6	6		6
Other Managers		7	16	16		21	18	3	22	19	3
Professionals			31	29	2	41	40	2	83	83	–
Finance			9	9		9	9		11	11	
Spatial/town planning			4	4		4	4		4	4	
Information Technology			1	1		1	1		1	1	
Roads											
Electricity									8	8	
Water			1	1		1	1				
Sanitation											
Refuse											
Other			16	14	2	26	25	2	59	59	
Technicians			4	4	–	14	13	3	14	14	–
Finance											
Spatial/town planning											
Information Technology			2	2		2	2	2	2	2	
Roads											
Electricity									6	6	
Water						6	6				
Sanitation			2	2		6	5	1	6	6	
Refuse											
Other											
Clerks (Clerical and administrative)			53	53		76	76		81	81	
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators			29	29		29	29		29	29	
Elementary Occupations			212	212		243	243		271	271	
TOTAL PERSONNEL NUMBERS		9	413	343	70	492	419	76	574	497	77
% increase						19,1%	22,2%	8,6%	16,7%	18,6%	1,3%
Total municipal employees headcount		6, 10									
Finance personnel headcount		8, 10									
Human Resources personnel headcount		8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 43 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		9 136	9 136	9 136	9 136	9 136	9 136	9 136	9 136	9 136	9 136	9 136	9 136	109 634	113 622	117 798
Service charges - electricity revenue														-	-	-
Service charges - water revenue		11 808	10 000	9 808	9 808	11 808	9 000	12 500	13 000	14 000	14 000	13 500	12 467	141 700	155 870	171 457
Service charges - sanitation revenue		362	362	362	362	362	362	362	362	362	362	362	361	4 338	4 772	5 249
Service charges - refuse revenue		2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	35 588	39 146	43 061
Service charges - other														-	-	-
Rental of facilities and equipment														-	-	-
Interest earned - external investments		792	792	792	792	792	792	792	792	792	792	792	792	9 500	9 500	9 500
Interest earned - outstanding debtors		4 292	4 292	4 292	4 292	4 292	4 292	4 292	4 292	4 292	4 292	4 292	4 292	51 500	52 000	53 000
Dividends received														-	-	-
Fines, penalties and forfeits		417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 000	5 000
Licences and permits					444	444	444	444	444	444	444	444	448	4 000	4 000	4 000
Agency services														-	-	-
Transfers and subsidies		200 000					100 000			81 723				381 723	392 847	416 179
Other revenue		165	165	165	165	165	165	165	165	165	165	165	166	1 977	2 085	2 096
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital transfers and contributions)		229 936	28 128	27 936	28 380	30 380	127 572	31 072	31 572	114 295	32 572	32 072	31 045	744 960	778 842	827 339
Expenditure By Type																
Employee related costs		17 902	17 902	17 902	17 902	17 902	17 902	17 902	17 902	17 902	17 902	17 902	20 152	217 074	231 996	248 681
Remuneration of councillors		2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	26 839	28 557	30 385
Debt impairment		7 704	7 704	7 704	7 704	7 704	7 704	7 704	7 704	7 704	7 704	7 704	7 705	92 453	99 675	107 509
Depreciation & asset impairment		9 904	9 904	9 904	9 904	9 904	9 904	9 904	9 904	9 904	9 904	9 904	9 910	118 854	124 011	127 028
Finance charges		150	150	500	150	150	2 300	150	150	500	150	150	2 330	6 830	7 314	7 512
Bulk purchases		5 700	5 500	5 000	5 000	5 700	4 900	7 000	7 100	7 200	7 200	6 900	6 000	73 200	77 592	82 248
Other materials														-	-	-
Contracted services		2 079	2 079	2 079	2 079	2 079	2 079	2 079	2 079	2 079	2 079	2 079	2 088	24 957	26 304	27 725
Transfers and subsidies		4 568	4 568	4 568	4 568	4 568	4 568	4 568	4 568	4 568	4 568	4 568	4 576	54 824	60 407	66 497
Other expenditure		18 388	18 388	18 388	18 388	18 388	18 388	18 388	18 388	18 388	18 388	18 388	36 239	238 507	229 676	239 780
Loss on disposal of PPE														-	-	-
Total Expenditure		68 632	68 432	68 282	67 932	68 632	69 982	69 932	70 032	70 482	70 132	69 832	91 237	853 539	885 531	937 364
Surplus/(Deficit)		161 304	(40 304)	(40 346)	(39 552)	(38 252)	57 590	(38 860)	(38 460)	43 813	(37 560)	(37 760)	(60 193)	(108 579)	(106 689)	(110 025)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)													-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													-	-	-	-
Transfers and subsidies - capital (in-kind - all)													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		161 304	(40 304)	(40 346)	(39 552)	(38 252)	57 590	(38 860)	(38 460)	43 813	(37 560)	(37 760)	(60 193)	(108 579)	(106 689)	(110 025)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	161 304	(40 304)	(40 346)	(39 552)	(38 252)	57 590	(38 860)	(38 460)	43 813	(37 560)	(37 760)	(60 193)	(108 579)	(106 689)	(110 025)

Table 44 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue by Vote																
Vote 1 - Municipal Council		1 000											-	1 000	-	-
Vote 2 - Office of the Accounting Officer													-	-	-	-
Vote 3 - Budget and Treasury Office		80 541	14 385	14 385	14 385	14 385	114 733	14 385	14 385	96 108	14 385	14 385	(21 237)	385 225	413 054	435 643
Vote 4 - Corporate Services		12	12	12	12	12	12	12	12	12	12	12	18	150	158	167
Vote 5 - Community Services		45 383	3 383	3 383	3 827	4 777	3 827	3 827	3 827	3 827	3 827	3 827	3 889	87 604	93 214	99 209
Vote 6 - Planning & Development													1 196	1 196	1 256	1 256
Vote 7 - Infrastructure & Technical Services		103 000	10 348	10 156	10 156	11 206	9 000	12 848	13 348	14 348	14 348	13 848	47 179	269 785	271 160	291 065
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		229 936	28 128	27 936	28 380	30 380	127 572	31 072	31 572	114 295	32 572	32 072	31 045	744 960	778 842	827 339
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Council		5 532	6 876	6 876	6 876	5 532	9 640	5 532	6 876	6 876	6 876	6 876	15 876	90 244	83 468	88 452
Vote 2 - Office of the Accounting Officer		2 228	2 228	2 228	2 228	2 228	2 228	2 228	2 228	2 228	2 228	2 228	2 230	26 738	31 880	33 596
Vote 3 - Budget and Treasury Office		7 531	7 531	7 531	7 531	7 531	7 531	7 531	7 531	7 531	7 531	7 531	7 532	90 373	94 775	99 383
Vote 4 - Corporate Services		7 247	7 247	7 247	7 247	7 247	7 247	7 247	7 247	7 247	7 247	7 247	21 255	100 972	105 881	111 066
Vote 5 - Community Services		13 635	13 635	13 635	13 635	13 635	13 634	13 636	13 635	13 635	13 635	13 635	13 638	163 623	174 267	185 510
Vote 6 - Planning & Development		2 397	1 702	1 702	1 702	2 397	1 702	2 397	1 702	1 702	1 702	2 253	3 357	24 710	26 819	28 687
Vote 7 - Infrastructure & Technical Services		30 062	29 213	29 063	28 713	30 062	28 000	31 361	30 813	31 263	30 913	30 062	27 353	356 878	368 440	390 671
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		68 632	68 432	68 282	67 932	68 632	69 982	69 932	70 032	70 482	70 132	69 832	91 242	853 539	885 531	937 364
Surplus/(Deficit) before assoc.		161 305	(40 304)	(40 346)	(39 552)	(38 252)	57 591	(38 860)	(38 460)	43 814	(37 560)	(37 760)	(60 197)	(108 579)	(106 688)	(110 025)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	161 305	(40 304)	(40 346)	(39 552)	(38 252)	57 591	(38 860)	(38 460)	43 814	(37 560)	(37 760)	(60 197)	(108 579)	(106 688)	(110 025)

Table 45 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classificatio

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue - Functional																
Governance and administration		52 419	13 852	13 852	13 852	13 852	113 847	13 852	13 852	95 575	13 852	13 852	13 718	386 375	413 212	435 810
Executive and council		1 000												1 000		
Finance and administration		51 419	13 852	13 852	13 852	13 852	113 847	13 852	13 852	95 575	13 852	13 852	13 718	385 375	413 212	435 810
Internal audit																
Community and public safety		110	177	177	621	621	626	621	621	621	621	621	635	6 072	6 124	6 204
Community and social services		17	89	89	89	89	89	89	89	89	89	89	94	1 001	1 052	1 131
Sport and recreation		5					5						5	15	16	17
Public safety					444	444	444	444	444	444	444	444	448	4 000	4 000	4 000
Housing		88	88	88	88	88	88	88	88	88	88	88	88	1 056	1 056	1 056
Health																
Economic and environmental services		772	772	772	772	772	772	772	772	772	772	772	783	9 275	9 618	10 459
Planning and development		356	356	356	356	356	356	356	356	356	356	356	359	4 275	4 618	5 459
Road transport		416	416	416	416	416	416	416	416	416	416	416	424	5 000	5 000	5 000
Environmental protection																
Trading services		176 635	13 327	13 135	13 135	15 135	12 327	15 827	16 327	17 327	17 327	16 827	15 908	343 238	349 888	374 867
Energy sources																
Water management		113 308	10 000	9 808	9 808	11 808	9 000	12 500	13 000	14 000	14 000	13 500	12 580	243 312	242 970	260 557
Waste water management		18 361	361	361	361	361	361	361	361	361	361	361	367	22 338	23 772	25 249
Waste management		44 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 966	2 962	77 588	83 146	89 061
Other																
Total Revenue - Functional		229 936	28 128	27 936	28 380	30 380	127 572	31 072	31 572	114 295	32 572	32 072	31 044	744 960	778 842	827 339
Expenditure - Functional																
Governance and administration		26 247	26 980	25 492	26 980	24 759	32 639	26 059	26 980	26 980	26 980	26 980	36 056	333 135	342 299	360 161
Executive and council		8 570	9 303	9 303	9 303	8 570	9 920	9 870	9 303	9 303	9 303	9 303	14 931	116 982	115 348	122 048
Finance and administration		17 677	17 677	16 189	17 677	16 189	22 719	16 189	17 677	17 677	17 677	17 677	21 125	216 153	226 951	238 113
Internal audit																
Community and public safety		5 180	5 079	5 180	3 746	5 180	5 180	5 180	5 180	5 180	5 180	5 180	12 230	67 672	71 549	75 694
Community and social services		538	538	538	538	538	538	538	538	538	538	538	1 793	7 716	8 197	8 735
Sport and recreation		3 946	3 846	3 946	2 513	3 946	3 946	3 946	3 946	3 946	3 946	3 946	5 742	47 617	50 458	53 473
Public safety													4 000	4 000	4 000	4 000
Housing		695	695	695	695	695	695	695	695	695	695	695	695	8 339	8 894	9 487
Health																
Economic and environmental services		9 029	9 029	9 029	9 029	9 029	5 202	9 029	9 029	9 029	9 029	7 531	15 859	109 849	118 284	123 033
Planning and development		1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	10 129	28 846	31 237	33 946
Road transport		7 327	7 327	7 327	7 327	7 327	3 500	7 327	7 327	7 327	7 327	5 829	5 730	81 003	87 047	89 086
Environmental protection																
Trading services		28 177	27 344	28 582	28 177	29 664	26 962	29 664	28 843	29 293	28 943	30 132	27 104	342 884	353 398	378 476
Energy sources		1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 492	18 459	19 720	20 492
Water management		18 599	17 766	19 004	18 599	20 087	20 087	20 087	20 754	21 204	20 854	20 554	19 754	237 349	240 032	257 239
Waste water management		1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 568	20 586	21 943	23 387
Waste management		6 306	6 306	6 306	6 306	6 306	3 604	6 306	4 818	4 818	4 818	6 306	4 290	66 491	71 703	77 357
Other																
Total Expenditure - Functional		68 632	68 432	68 282	67 932	68 632	69 982	69 932	70 032	70 482	70 132	69 822	91 250	853 539	885 531	937 364
Surplus/(Deficit) before assoc.		161 304	(40 304)	(40 346)	(39 552)	(38 251)	57 590	(38 860)	(38 460)	43 813	(37 560)	(37 750)	(60 205)	(108 580)	(106 689)	(110 024)
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	161 304	(40 304)	(40 346)	(39 552)	(38 251)	57 590	(38 860)	(38 460)	43 813	(37 560)	(37 750)	(60 205)	(108 580)	(106 689)	(110 024)

Table 46 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Council													-	-	-	-
Vote 2 - Office of the Accounting Officer													-	-	-	-
Vote 3 - Budget and Treasury Office				150						150			-	300	400	400
Vote 4 - Corporate Services		362	362	362	362	362	362	362	362	362	362	1 080	-	4 700	1 850	1 800
Vote 5 - Community Services				500	5 550	7 400	1 000	8 853	6 853	8 800	4 900	5 658	(0)	49 514	33 157	39 756
Vote 6 - Planning & Development													-	-	-	-
Vote 7 - Infrastructure & Technical Services		12 484	13 484	16 484	16 484	16 484	13 484	18 484	15 319	12 484	12 484	12 491	(0)	160 166	174 178	181 382
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	12 846	13 846	17 496	22 396	24 246	14 846	27 699	22 534	21 796	17 746	19 229	(0)	214 680	209 585	223 338
Single-year expenditure to be appropriated																
Vote 1 - Municipal Council													-	-	-	-
Vote 2 - Office of the Accounting Officer													-	-	-	-
Vote 3 - Budget and Treasury Office													-	-	-	-
Vote 4 - Corporate Services													-	-	-	-
Vote 5 - Community Services													-	-	-	-
Vote 6 - Planning & Development													-	-	-	-
Vote 7 - Infrastructure & Technical Services													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	12 846	13 846	17 496	22 396	24 246	14 846	27 699	22 534	21 796	17 746	19 229	(0)	214 680	209 585	223 338

Table 47 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		362	362	512	362	362	362	362	362	512	362	1 080	-	5 000	2 250	2 200
Executive and council													-	-	-	-
Finance and administration		362	362	512	362	362	362	362	362	512	362	1 080	-	5 000	2 250	2 200
Internal audit													-	-	-	-
Community and public safety		-	-	500	3 550	5 400	-	6 353	4 353	6 800	4 000	5 658	-	36 614	23 957	39 756
Community and social services				500	3 000	5 400		6 353	4 353	6 800	4 000	5 658	-	36 064	23 757	29 556
Sport and recreation					550								-	550	200	10 200
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
Economic and environmental services		5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	0	61 129	38 808	61 259
Planning and development													-	-	-	-
Road transport		5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	5 557	0	61 129	38 808	61 259
Environmental protection													-	-	-	-
Trading services		6 927	7 927	10 927	12 927	12 927	8 927	15 427	12 262	8 927	7 827	6 932	(0)	111 937	144 570	120 124
Energy sources				3 000	3 000	3 000		4 000	1 335				-	14 335	10 800	18 527
Water management		6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 932	(0)	76 202	95 705	70 000
Waste water management			1 000	1 000	1 000	1 000	1 000	2 000	1 500				-	8 500	28 864	31 596
Waste management					2 000	2 000	1 000	2 500	2 500	2 000	900		-	12 900	9 200	-
Other													-	-	-	-
Total Capital Expenditure - Functional	2	12 846	13 846	17 496	22 396	24 246	14 846	27 699	22 534	21 796	17 746	19 227	(0)	214 680	209 585	223 338
Funded by:																
National Government		86 000					65 000			35 780			-	186 780	207 135	220 938
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		86 000	-	-	-	-	65 000	-	-	35 780	-	-	-	186 780	207 135	220 938
Public contributions & donations													-	-	-	-
Borrowing						8 000							-	8 000	-	-
Internally generated funds		362	2 000	1 012	2 288	2 288	2 288	2 288	2 288	2 800	2 286		-	19 900	2 450	2 400
Total Capital Funding		86 362	2 000	1 012	2 288	10 288	67 288	2 288	2 288	38 580	2 286	-	-	214 680	209 585	223 338

Table 48 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Cash Receipts By Source													1		
Property rates	7 814	7 814	7 814	7 814	7 814	7 814	7 814	7 814	7 814	7 814	7 814	7 812	93 766	100 804	106 853
Service charges - electricity revenue												-			
Service charges - water revenue	6 528	6 528	6 528	6 528	6 528	6 528	6 528	6 528	6 528	6 528	6 528	6 531	78 339	86 173	94 790
Service charges - sanitation revenue	179	179	179	179	179	179	179	179	179	179	179	180	2 149	2 364	2 600
Service charges - refuse revenue	155	155	155	155	155	155	155	155	155	155	155	155	1 860	2 046	2 251
Service charges - other												-			
Rental of facilities and equipment	89	89	89	89	89	89	89	89	89	89	89	92	1 071	1 072	1 073
Interest earned - external investments	792	792	792	792	792	792	792	792	792	792	792	788	9 500	9 500	9 500
Interest earned - outstanding debtors	1 706	1 706	1 706	1 706	1 706	1 706	1 706	1 706	1 706	1 706	1 706	1 701	20 467	21 000	21 500
Dividends received												-			
Fines, penalties and forfeits	83	83	83	83	83	83	83	83	83	83	83	87	1 000	1 000	1 000
Licences and permits	333	333	333	333	333	333	333	333	333	333	333	337	4 000	4 000	4 000
Agency services												-			
Transfer receipts - operational		193 000				97 000			48 000			43 723	381 723	392 847	416 179
Other revenue	76	76	76	76	76	76	76	76	76	76	76	71	906	1 013	1 022
Cash Receipts by Source	17 755	210 755	17 755	17 755	17 755	114 755	17 755	17 755	65 755	17 755	17 755	61 477	594 782	621 819	660 768
Other Cash Flows by Source															
Transfer receipts - capital		45 000				35 000			85 000			21 780	186 780	207 135	220 938
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing	667	667	667	667	667	667	667	667	667	667	667	663	8 000		
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	18 422	256 422	18 422	18 422	18 422	150 422	18 422	18 422	151 422	18 422	18 422	83 920	789 562	828 954	881 706
Cash Payments by Type															
Employee related costs	18 090	18 090	18 090	18 090	18 090	18 090	18 090	18 090	18 090	18 090	18 090	18 085	217 074	231 996	248 681
Remuneration of councillors	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 237	2 232	26 839	28 557	30 385
Finance charges	569	569	569	569	569	569	569	569	569	569	569	570	6 830	7 314	7 512
Bulk purchases - Electricity												-			
Bulk purchases - Water & Sewer	6 100	6 100	6 100	6 100	6 100	6 100	6 100	6 100	6 100	6 100	6 100	6 100	73 200	77 592	82 248
Other materials	527	527	527	527	527	527	527	527	527	527	527	57 493	63 290	54 521	58 061
Contracted services	2 080	2 080	2 080	2 080	2 080	2 080	2 080	2 080	2 080	2 080	2 080	2 077	24 957	26 304	27 725
Transfers and grants - other municipalities												-			
Transfers and grants - other												-			
Other expenditure	13 776	13 776	13 776	13 776	13 776	13 776	13 776	13 776	13 776	13 776	13 776	13 771	165 307	152 084	157 532
Cash Payments by Type	43 378	43 379	43 379	43 379	43 379	43 379	43 379	43 379	43 379	43 379	43 379	100 328	577 496	578 368	612 143
Other Cash Flows/Payments by Type															
Capital assets	17 890	17 890	17 890	17 890	17 890	17 890	17 890	17 890	17 890	17 890	17 890	17 890	214 680	209 585	223 338
Repayment of borrowing	708	708	708	708	708	708	708	708	708	708	708	709	8 497	8 250	8 110
Other Cash Flows/Payments												-			
Total Cash Payments by Type	61 976	61 977	61 977	61 977	61 977	61 977	61 977	61 977	61 977	61 977	61 977	118 927	800 673	796 203	843 591
NET INCREASE/(DECREASE) IN CASH HELD	(43 555)	194 445	(43 555)	(43 555)	(43 555)	88 445	(43 555)	(43 555)	89 445	(43 555)	(43 555)	(35 007)	(11 112)	32 751	38 115
Cash/cash equivalents at the month/year begin:	50 000	6 445	200 890	157 335	113 780	70 225	158 670	115 115	71 560	161 005	117 450	73 895	50 000	38 888	71 639
Cash/cash equivalents at the month/year end:	6 445	200 890	157 335	113 780	70 225	158 670	115 115	71 560	161 005	117 450	73 895	38 888	38 888	71 639	109 754

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure.

However for the MTREF it is now directly linked to A7.

2.9 Annual budgets and SDBIPs – internal

2.9.1 Water Services Department – Vote 7

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 49 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

Description	Adjusted Budget	2017/2018 MTREF		
		Budget Year	Budget Year + 1	Budget Year + 2
R Thousand	2016/2017	2017/2018	2018/2019	2019/2020
Revenue by Source	R,000	R,000	R,000	R,000
Service Charges - Water Revenue	128 327	141 700	155 870	171 457
Transfer Recognised - Operational	94 500	101 500	87 000	89 000
Other Revenue	112	112	100	100
Total Revenue (Excluding Capital Transfers and Contributions)	222 939	243 312	242 970	260 557
Expenditure by Type				
Employee Related Costs	27 184	33 882	36 253	38 791
Debt Impairment	39 277	39 494	43 444	47 788
Depreciation and Asset Impairment	34 300	34 300	34 800	36 000
Finance Charges	1 507	1 507	1 588	1 674
Bulk Purchases	66 500	73 200	77 592	82 248
Other Materials	22 460	23 780	11 026	12 289
Other Expenditure	24 772	27 836	31 647	34 401
Internal Transfers	3 350	3 350	3 683	4 049
Total Expenditure	219 350	237 349	240 033	257 240
Surplus / (Deficit)	3 589	5 963	2 937	3 317
Transfer Recognised Capital	61 360	31 900	10 000	35 000
Surplus / (Deficit) after Capital Transfers and Contributions	64 949	37 863	12 937	38 317
Capital Expenditure	80 307	20 400	32 000	60 000

There are currently several unfilled positions in the structure of the Water Services Unit. The top management structure consists of the Head of Department Infrastructure and Technical

Services and five Heads of Units. As part of the performance objectives for the 2017/18 financial year, certain crucial positions will be filled.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Bulk water Augmentation – R38,5 million
- Backlog eradication – several villages – R18,04 million
- As part of the projects water demand management systems will be improved.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R26,16 million, R11,03 million and R 12,29 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2017/18 financial year is R141,7 million and increases to R171,5 million by 2019/20 and has been informed by a collection rate of 65 per cent and distribution losses of 25 per cent.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 5 per cent efficiency gain per for the first year and two per cent for the outer years. About 60 percent of the consumers are indigent household at RDP level. The water schemes transferred from the Department of Water affairs are aging and water losses as well as water unaccounted for is a serious problem. This will receive attention in future financial years.

Table 50 2.11 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Compilation of Valuation Roll		1	850	1 000	1 000	1 000	1 000							4 850
Banking Services		0	210	250	264	278	305	336						1 642
Contract 3 etc														-
Total Operating Revenue Implication		0	1 060	1 250	1 264	1 278	1 305	336	-	-	-	-	-	6 492
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.12 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 51 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	172 366	183 378	181 382
Roads Infrastructure		-	-	-	-	-	-	61 129	38 808	61 259
Roads								61 129	38 808	61 259
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	13 635	10 800	18 527
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares								13 635	10 800	18 527
Water Supply Infrastructure		-	-	-	-	-	-	76 202	95 705	70 000
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution								76 202	95 705	70 000
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	8 500	28 864	31 596
Pump Station										
Reticulation								8 500	28 864	31 596
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	12 900	9 200	-
Landfill Sites								12 900	9 200	

Community Assets	-	-	-	-	-	-	27 214	23 757	39 556
Community Facilities	-	-	-	-	-	-	26 914	23 757	21 259
Halls							15 000	15 900	21 259
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations							3 000		
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria							1 500		
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls							7 414		
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals								7 857	
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	-	-	300	-	18 297
Indoor Facilities									
Outdoor Facilities							300		18 297
Capital Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									

Other assets		-	-	-	-	-	-	1 600	-	-
Operational Buildings		-	-	-	-	-	-	900	-	-
Municipal Offices								900		
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		-	-	-	-	-	-	700	-	-
Staff Housing										
Social Housing								700		
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		-	-	-	-	-	-	1 000	400	350
Computer Equipment								1 000	400	350
Furniture and Office Equipment		-	-	-	-	-	-	3 550	1 600	1 600
Furniture and Office Equipment								3 550	1 600	1 600
Machinery and Equipment		-	-	-	-	-	-	450	250	250
Machinery and Equipment								450	250	250
Transport Assets		-	-	-	-	-	-	8 000	-	-
Transport Assets								8 000		
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	-	-	-	-	-	-	214 180	209 385	223 138

Table 52 MBRR SA 34b - Capital expenditure on existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Computer Equipment		-	-	-	-	-	-	500	200	200
Computer Equipment								500	200	200
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	500	200	200
<i>Renewal of Existing Assets as % of total capex</i>		<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,2%</i>	<i>0,1%</i>	<i>0,1%</i>
<i>Renewal of Existing Assets as % of deprecn"</i>		<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,0%</i>	<i>0,4%</i>	<i>0,2%</i>	<i>0,2%</i>

Table 53 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	51 289	39 640	39 948
Roads Infrastructure		-	-	-	-	-	-	7 500	8 000	8 500
Roads								7 500	8 000	8 500
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	1 300	1 370	1 444
Drainage Collection										
Storm water Conveyance								1 300	1 370	1 444
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	2 700	2 846	2 999
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares								2 700	2 846	2 999
Water Supply Infrastructure		-	-	-	-	-	-	27 389	14 354	13 229
Dams and Weirs										
Boreholes										
Reservoirs								1 149	2 659	278
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution								16 500		
Distribution Points								9 440	11 379	12 618
PRV Stations										
Capital Spares								300	317	334
Sanitation Infrastructure		-	-	-	-	-	-	600	632	667
Pump Station										
Reticulation								600	632	667
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	11 800	12 437	13 108
Landfill Sites								11 800	12 437	13 108

Community Assets		-	-	-	-	-	-	1 500	1 581	1 666
Community Facilities		-	-	-	-	-	-	500	527	555
Cemeteries/Crematoria								500	527	555
Police										
Sport and Recreation Facilities		-	-	-	-	-	-	1 000	1 054	1 110
Indoor Facilities										
Outdoor Facilities								1 000	1 054	1 110
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	-	-	-	-	-	6 900	7 171	7 554
Operational Buildings		-	-	-	-	-	-	5 900	6 117	6 443
Municipal Offices								5 700	5 906	6 221
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards								200	211	222
Capital Spares										
Housing		-	-	-	-	-	-	1 000	1 054	1 111
Staff Housing										
Social Housing								1 000	1 054	1 111
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Unspecified										
Computer Equipment		-	-	-	-	-	-	100	105	111
Computer Equipment								100	105	111
Furniture and Office Equipment		-	-	-	-	-	-	1 800	1 581	1 452
Furniture and Office Equipment								1 800	1 581	1 452
Machinery and Equipment		-	-	-	-	-	-	1 800	2 010	2 010
Machinery and Equipment								1 800	2 010	2 010
Transport Assets		-	-	-	-	-	-	3 781	2 423	5 310
Transport Assets								3 781	2 423	5 310
Libraries		-	-	-	-	-	-	-	10	10
Libraries								-	10	10
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	-	67 170	54 521	58 061
R&M as a % of PPE		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	3,9%	3,9%
R&M as % Operating Expenditure		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	6,4%	6,5%

Table 54 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
Capital expenditure	1							
Vote 1 - Municipal Council		-	-	-				
Vote 2 - Office of the Accounting Officer		-	-	-				
Vote 3 - Budget and Treasury Office		300	400	400				
Vote 4 - Corporate Services		4 700	1 850	1 800				
Vote 5 - Community Services		49 514	33 157	39 756				
Vote 6 - Planning & Development		-	-	-				
Vote 7 - Infrastructure & Technical Services		160 166	174 178	181 382				
Vote 8 - [NAME OF VOTE 8]		-	-	-				
Vote 9 - [NAME OF VOTE 9]		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		214 680	209 585	223 338	-	-	-	-

Table 55 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Village	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6		3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																	
Vote 3		BUDGET AND TREASURY OFFICE															
		REVENUE															
		GFS Function 1010 15															
		OFFICE FURNITURE AND EQUIPMENT															
		Office Equipment				Mogwase	Furniture and Office Equipment	Municipal Offices	25°16'17"S, 27°14'7"E				300	400	400	33	
		Sub Total GFS Function 1000 15											300	400	400		
		TOTAL VOTE 3											300	400	400		

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Village	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6		3	3	5								
Vote 4																	
CORPORATE SERVICES																	
CORPORATE SERVICES ADMINISTRATION																	
GFS Function 1015 05																	
Furniture						Mogwase	Furniture and Office Equipment	Municipal Offices	25°6'17"S, 27°4'47"E				1 500	1 000	1 000	33	
Furniture						Madikwe	Furniture and Office Equipment	Municipal Offices	25°6'17"S, 27°4'47"E				800	200	200	19	
Office Equipment/Chamber						Mogwase	Furniture and Office Equipment	Municipal Offices	25°6'17"S, 27°4'47"E				700			33	
PLANT AND EQUIPMENT																	
Carpet , Floor and Vacuum Cleaners						Mogwase	Furniture and Office Equipment	Municipal Offices	25°6'17"S, 27°4'47"E				200	50	50	33	
Sub Total GFS Function 1015 05													3 200	1 250	1 250		
INFORMATION TECHNOLOGY																	
GFS Function 1015 20																	
OFFICE FURNITURE AND EQUIPMENT																	
ICT Equipment						Mogwase	Computer Equipment	Municipal Offices	25°6'17"S, 27°4'47"E				1 000	500	500	33	
ICT Equipment						Madikwe	Computer Equipment	Municipal Offices	25°6'17"S, 27°4'47"E				500	100	50	19	
Sub Total GFS Function 1015 20													1 500	600	550		
TOTAL VOTE 4													4 700	1 850	1 800		

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)		Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6	Village	3	3	5								

VOTE 5									
VOTE 5									
COMMUNITY SERVICES									
GFS Function 1020 10									
CEMETERIES									
Fencing Villages									
Sub Total									
GFS Function 1020 25									
MUNICIPAL BUILDINGS									
Offices Portable Disaster				Mogwase	Operational Buildings	25°16'17"S, 27°14'7"E		500	33
Chamber Alterations				Mogwase	Operational Buildings	25°16'17"S, 27°14'7"E		400	33
Madikwe Taxi Rank				Madikwe	Operational Buildings	Taxi Ranks/Bus Terminals	25°16'17"S, 27°14'7"E	7 857	19
Makweleng Agro Park				Makweleng Agro Park	Operational Buildings			8 297	23
Building of Informal Traders stalls				Mogwase	Operational Buildings	Stalls	25°16'17"S, 27°14'7"E	7 414	33
Sub Total									

Community Halls													
Bapong Community Hall			Bapong Community Hall	Community Facilities	Halls	25°18'2,95"S, 26°51'26,04"E				5 000			25
Lerome (Mositwane) Community Hall			Lerome (Mositwane) Community Hall	Community Facilities	Halls	25°12'28,02"S, 27°13'57,84"E				5 000			17
Moruleng (Ward 9)			Moruleng (Ward 9)	Community Facilities	Halls	26°11'13"S, 27°13'12'04"E				5 000			9
Seolong Community Hall			Seolong Community Hall	Community Facilities	Halls	25°08'51"S, 26°49'27"E					5 300	3 259	23
Mokgalwaneng Community Hall			Mokgalwaneng Community Hall	Community Facilities	Halls	24°48'18.83"S, 26°59'45.63"E					5 300		29
Selossha Community Hall			Selossha Community Hall	Community Facilities	Halls	29°11'51"S, 26°48'58"E					5 300		28
Ramakokastad			Ramakokastad	Community Facilities	Halls	25°10'01"S, 27°26'18"E						6 000	12
Makoshong			Makoshong	Community Facilities	Halls	25°14'24"S, 26°50'32"E						6 000	24
Siga			Siga	Community Facilities	Halls	25°11'29"S, 26°35'52" E						6 000	3
Sub Total										15 000	15 900	21 259	
OFFICE FURNITURE AND EQUIPMENT													
Furniture Community Halls (Chairs and Tables)			All Villages	Community Facilities	Furniture and Office Equipment					250			
Sub Total GFS Function 1020 25										23 564	23 757	29 556	

PARKS AND RECREATION													
MACHINERY AND EQUIPMENT													
Brush Cutters and Lawn Mowers				Mogwase	Machinery and Equipment	Capital Spares	25°6'17"S, 27°4'7"E			200	200	200	33
Brush Cutters and Lawn Mowers				Madikwe	Machinery and Equipment	Capital Spares	25°6'17"S, 27°4'7"E			50			19
SPORT FACILITIES													
Upgrade sport facilities				Mogwase	Sport and Recreation Facilities	Capital Spares	25°6'17"S, 27°4'7"E			200			33
Upgrade sport facilities				Madikwe	Sport and Recreation Facilities	Capital Spares	25°6'17"S, 27°4'7"E			100			19
Upgrading of the Mogwase Sports Park				Mogwase	Sport and Recreation Facilities	Capital Spares	25°6'17"S, 27°4'7"E					10 000	33
Sub Total GFS Function 1020 30										550	200	10 200	
GFS Function 1020 35													
REFUSE													
Mogwase Land Fill Rehabilitation				Mogwase	Solid Waste Infrastructure	Landfill Sites	25°6'17"S, 27°4'7"E			12 900	9 200		33
Sub Total GFS Function 1020 35										12 900	9 517	—	
SAFEETY AND SECURITY													
Renovation of new testing centres				Moruleng	Licences and Rights	Testing Stations	26°11'13"S, 27°12'04"E			2 000			9
Renovation of new testing centres				Tweelagte	Licences and Rights	Testing Stations	25°20'31"S, 26°58'00"E			1 000			26
Sub Total GFS Function 1020 40										3 000			
TRANSPORT													
VEHICLES													
Vehicles				Mogwase	Transport Assets	Capital Spares	25,27.23°6'17"S, 27°4'7"E			8 000			33
Sub Total GFS Function 1020 50										8 000			
TOTAL VOTE 5										49 514	33 157	39 756	

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Village	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6		3	3	5								
VOTE 7																	
VOTE 7																	
STREETLIGHTING																	
GFS Function 1030 20																	
		Tweelaagte				Tweelaagte	Electrical Infrastructure	Electricity Generation Facilities	25°20'31"S, 26°58'00"E				718				26
		Makoshong				Makoshong	Electrical Infrastructure	Electricity Generation Facilities	25°4'24"S, 26°50'32"E				1 076				24
		Welverdien				Welverdien	Electrical Infrastructure	Electricity Generation Facilities	26°02'44"S, 25°45'21"E				1 435				1
		Ntswana la Metsing				Ntswana la Metsing	Electrical Infrastructure	Electricity Generation Facilities	24°59'56"S, 26°59'18"E				718				8
		Nkogolwe				Nkogolwe	Electrical Infrastructure	Electricity Generation Facilities	25°01'52"S, 26°45'19"E				718				6
		Moruleng				Moruleng	Electrical Infrastructure	Electricity Generation Facilities	26°11'13"S, 27°12'04"E				5 382				9
		Moruleng				Moruleng	Electrical Infrastructure	Electricity Generation Facilities					1 794				22
		Lesetheng				Lesetheng	Electrical Infrastructure	Electricity Generation Facilities					1 076				32
		Moubane 2 lights				Moubane 2 lights	Electrical Infrastructure	Electricity Generation Facilities	25°17'48"S, 26°38'22"E				718				3
		Goede Hoop				Goede Hoop	Electrical Infrastructure	Electricity Generation Facilities	25°04'00"S, 26°49'00"E					1 543			1
		Sesobe				Sesobe	Electrical Infrastructure	Electricity Generation Facilities	25°14'30"S, 26°39'57"E					1 543			2
		Kraalhoek				Kraalhoek	Electrical Infrastructure	Electricity Generation Facilities	25°03'43"S, 26°33'42"E					1 543			5
		Kraalhoek				Kraalhoek	Electrical Infrastructure	Electricity Generation Facilities	25°10'00"S, 26°40'00"E					1 543			34
		Mothabe				Mothabe	Electrical Infrastructure	Electricity Generation Facilities	25°09'00"S, 26°43'02"E					1 543			6
		Moruleng				Moruleng	Electrical Infrastructure	Electricity Generation Facilities	25°19'45"S, 26°55'17"E					1 543			17
		Lerome				Lerome	Electrical Infrastructure	Electricity Generation Facilities	25°20'31"S, 26°58'00"E					1 543			17
		Moruleng				Moruleng	Electrical Infrastructure	Electricity Generation Facilities	25°18'03"S, 27°12'00"E						3 088		32
		Phadi				Phadi	Electrical Infrastructure	Electricity Generation Facilities	25°12'28.02"S, 27°13'57.84"E						3 088		11
		Reagile (Casablanca)				Reagile (Casablanca)	Electrical Infrastructure	Electricity Generation Facilities	25°03'31"S, 26°51'44"E						3 088		28
		Losmytjerrie				Losmytjerrie	Electrical Infrastructure	Electricity Generation Facilities	25°00'30"S, 26°28'50"E						3 088		1
		Ramokokastad				Ramokokastad	Electrical Infrastructure	Electricity Generation Facilities	25°04'27"S, 26°56'52"E						3 088		12
		Khayakulu				Khayakulu	Electrical Infrastructure	Electricity Generation Facilities	25°04'00"S, 26°49'00"E						3 088		2
		Electricity Connections Communal Rental Units				Mogwase Unit 8	Housing	Electricity Generation Facilities	25°04'00"S, 26°49'00"E				700				33
		Sub Total GFS Function 1030 20											14 335	10 800	18 527		

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Village	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6		3	3	5								
GFS Function 1030 15																	
ROADS AND STORMWATER																	
		Ramokokastad Internal Road Phase II				Ramokoka	Roads Infrastructure	Road Structures	25°09'00"S, 26°43'02" E				2 500				12
		Lesellheng / Legkraal Internal Road Phase II				Lesellheng	Roads Infrastructure	Road Structures					1 500				9
		Disake Internal Road				Disake	Roads Infrastructure	Road Structures	25°03'43"S, 26°33'42" E				780				5
		Ledig Internal Roads Phase II				Ledig	Roads Infrastructure	Road Structures	25°21'35"S, 27°03'12"E				1 000				14
		Matlametlong Internal Road				Matlametlong	Roads Infrastructure	Road Structures					1 500				5
		Kameelboom Internal Road				Kameelboom	Roads Infrastructure	Road Structures	25°11'10,85"S, 26°58'12,35"E				11 836				6
		Witrantjie Internal Road				Witrantjie	Roads Infrastructure	Road Structures	25°16'00"S, 26°54'30"E				11 869				22
		Lerome Welgeval and Dikweipi Phase II (Welgeval and Dikweipi)				Lerome	Roads Infrastructure	Road Structures	25°11'27,3"S, 27°14'54,4"E				9 645				16
		Uitkyk Internal Road Phase II				Uitkyk	Roads Infrastructure	Road Structures	26°12'15"S, 25°34'21"E				-	10 008			4
		Obakeng Internal Roads				Obakeng	Roads Infrastructure	Road Structures	4°55'21,20"S, 26°39'16,48"E				11 559				1
		Mabele - A - Podi roads and stormwater,				Mabele a Pudi	Storm water Infrastructure	Storm water Conveyance	25°18'03"S, 27°12'00"E				-	12 000			13
		Greater Ledig Stormwater Management				Ledig	Storm water Infrastructure	Storm water Conveyance	25°21'35"S, 27°03'12"E				8 940	1 800			14,3
		Manamela Internal Roads				Manamela	Roads Infrastructure	Road Structures	25°10'11"S, 26°40'43"E				-	15 000			3
		Mabodisa				Mabodisa	Roads Infrastructure	Road Structures	25°12'10"S, 27°13'53"E						14 000		32
		Mmorogong				Mmorogong	Roads Infrastructure	Road Structures	25°07'17"S, 27°22'56"E					37 008	14 000		11
		Montsana				Montsana	Roads Infrastructure	Road Structures	25°05'57"S, 26°34'50"E						14 000		2
		Leruleng				Leruleng	Roads Infrastructure	Road Structures	5°12'28,02"S, 27°13'57,84" E						14 000		17
		Greater Moruleng Stormwater Management				Greater Moruleng	Storm water Infrastructure	Storm water Conveyance	26°11'13"S, 27°12'04" E						5 259		9,32
Sub Total GFS Function 1030 15													61 129	38 808	61 259		

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Village	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6		3	3	5								
SANITATION																	
		Ratau				Ratau	Sanitation Infrastructure	Drainage Collection	29°14'08"S, 26°49'17" E				583				23
		Molaledi				Molaledi	Sanitation Infrastructure	Drainage Collection	24°51'14"S, 26°29'43" E				583				1
		Mmorogong				Mmorogong	Sanitation Infrastructure	Drainage Collection	25°07'17"S, 27°22'56" E				583				11
		Ramasedi				Ramasedi	Sanitation Infrastructure	Drainage Collection	25°51'57"S, 25°37'16" E				583				8
		Bojating				Bojating	Sanitation Infrastructure	Drainage Collection	25°11'58"S, 27°23'23" E				583				11
		Manseer				Manseer	Sanitation Infrastructure	Drainage Collection	24°11'41"S, 27°05'47" E				583				5
		Davikahagel				Davikahagel	Sanitation Infrastructure	Drainage Collection	25°6'43"S, 26°31'29" E				1 000	2 600			2
		Leruleng				Leruleng	Sanitation Infrastructure	Drainage Collection	5°12'28.02"S, 27°13'57.84" E				1 000	2 600			17
		Mopyane				Mopyane	Sanitation Infrastructure	Drainage Collection	24°56'52"S, 27°04'13" E				1 000	2 600			34
		Phalane				Phalane	Sanitation Infrastructure	Drainage Collection	24°15'53"S, 26°50'41" E				1 000	2 600			26
		Managotheng				Managotheng	Sanitation Infrastructure	Drainage Collection	25°07'37"S, 27°11'36" E				1 000	2 600			22
		Uitkyk				Uitkyk	Sanitation Infrastructure	Drainage Collection	24°58'51"S, 26°33'39" E					2 644	1 523		4
		Disake				Disake	Sanitation Infrastructure	Drainage Collection	25°03'43"S, 26°33'42" E					2 644	1 523		5
		Makgope				Makgope	Sanitation Infrastructure	Drainage Collection	25°05'57"S, 26°34'50" E					2 644	1 523		27
		Ramokokastad				Ramokokastad	Sanitation Infrastructure	Drainage Collection	25°09'00"S, 26°43'02" E					2 644	1 523		12
		Makoshong				Makoshong	Sanitation Infrastructure	Drainage Collection	25°09'00"S, 26°43'02" E					2 644	1 523		24
		Bojating				Bojating	Sanitation Infrastructure	Drainage Collection	25°11'03"S, 26°38'30" E					2 644	1 523		11
		Losmytjerie				Losmytjerie	Sanitation Infrastructure	Drainage Collection	25°14'30"S, 26°39'57" E						4 492		1
		Mabela a Podi				Mabela a Podi	Sanitation Infrastructure	Drainage Collection	25°17'48"S, 26°38'22" E						4 492		13
		Mabeskraal				Mabeskraal	Sanitation Infrastructure	Drainage Collection	25°11'29"S, 26°35'52" E						4 492		23
		Mabeskraal				Mabeskraal	Sanitation Infrastructure	Drainage Collection	25°07'54"S, 26°39'21" E						4 492		25
		Sandfontein				Sandfontein	Sanitation Infrastructure	Drainage Collection	24°55'09"S, 27°04'33" E						4 492		10
Sub Total GFS Function 1035 00													8 500	28 864	31 596		

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Village	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
											Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4			2	6		3	3	5								
WATER PROJECTS																	
		Groundwater Optimisation III				Witrantjie	Water Supply Infrastructure	Bulk Mains					3 634				27
		Groundwater Optimisation III				Ramokgolelo	Water Supply Infrastructure	Bulk Mains					3 634				2
		Groundwater Optimisation III				Manamela	Water Supply Infrastructure	Bulk Mains					3 634				3
		Groundwater Optimisation III				Koffiekraal	Water Supply Infrastructure	Bulk Mains					3 634				4
		Groundwater Optimisation IV				Khayakhulu	Water Supply Infrastructure	Bulk Mains			1 750			3 250			2
		Groundwater Optimisation IV				Welverdiend	Water Supply Infrastructure	Bulk Mains			1 750			3 250			1
		Groundwater Optimisation V				Seolong	Water Supply Infrastructure	Bulk Mains						2 500		2 500	23
		Groundwater Optimisation V				Khayakhulu	Water Supply Infrastructure	Bulk Mains						2 500		2 500	3
		Groundwater Optimisation V				Mapapulle	Water Supply Infrastructure	Bulk Mains						2 500		2 500	6
		Groundwater Optimisation V				Dikameelkuil	Water Supply Infrastructure	Bulk Mains						2 500		2 500	6
		PPM Bulk Pipeline				Masilela	Water Supply Infrastructure	Bulk Mains			624			1 124			8
		PPM Bulk Pipeline				Bofule	Water Supply Infrastructure	Bulk Mains			624			1 124			8
		PPM Bulk Pipeline				Lekutung	Water Supply Infrastructure	Bulk Mains			624			1 124			22
		PPM Bulk Pipeline				Tswaneng	Water Supply Infrastructure	Bulk Mains			624			1 124			22
		Ledig Bulk Water Supply (5 MI Reservoir)				Ledig	Water Supply Infrastructure	Bulk Mains			1 034						14
		Lerome Water Supply				Lerome	Water Supply Infrastructure	Bulk Mains			-			7 500		2 500	17
		Welgev al Water Supply				Welgev al	Water Supply Infrastructure	Bulk Mains			8 136						16
		Pella Water Supply				Pella	Water Supply Infrastructure	Bulk Mains			-			7 500		2 500	18
		Tlokweng Water Supply				Tlokweng	Water Supply Infrastructure	Bulk Mains			-			9 709			20
		Mogwase (7ML/d) Reservoir				Mogwase	Water Supply Infrastructure	Bulk Mains					5 000				13,15
		Refurbishment of Assets				All Villages	Water Supply Infrastructure	Bulk Mains					3 000				
		Bulk Water Augmentation				Mmorogong	Water Supply Infrastructure	Bulk Mains					12 833				11
		Bulk Water Augmentation				Mositwana	Water Supply Infrastructure	Bulk Mains					12 833				3
		Bulk Water Augmentation				Montsho	Water Supply Infrastructure	Bulk Mains					12 833				6
		Bulk Water Augmentation				Voordonker	Water Supply Infrastructure	Bulk Mains						16 667			3
		Bulk Water Augmentation				Brakkui	Water Supply Infrastructure	Bulk Mains						16 667			4
		Bulk Water Augmentation				Mositwana	Water Supply Infrastructure	Bulk Mains						16 667			17
		Bulk Water Augmentation				Tlokweng	Water Supply Infrastructure	Bulk Mains								30 000	20
		Bulk Water Augmentation				Pella (Proposed)	Water Supply Infrastructure	Bulk Mains								25 000	18
		TOTAL WATER											76 202		95 705		70 000
		TOTAL VOTE 7											160 166		174 178		181 382
		TOTAL CAPITAL EXPENDITURE											214 680		209 585		223 338

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the first intake in 2005 three were employed permanently. Two of the three left the service for promotion. The remaining one has recently been promoted to more senior position. Five interns are currently employed at the moment
- 3.
4. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
5. Audit Committee
An Audit Committee has been established.
6. Service Delivery and Implementation Plan
7.
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.
8. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is available to all financial staff.
8. Policies
All financial related policies are reviewed on a annual bases or whenever the need arises and submitted with the budget for adoption by council.

2.14 Other supporting documents

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates									111 137	115 215	119 487
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)									1 503	1 593	1 689
Net Property Rates		-	-	-	-	-	-	-	109 634	113 622	117 798
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	6										
Total Service charges - water revenue									165 567	182 124	200 336
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	23 867	26 254	28 879
Net Service charges - water revenue		-	-	-	-	-	-	-	141 700	155 870	171 457
Service charges - sanitation revenue											
Total Service charges - sanitation revenue									4 811	5 293	5 822
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	474	521	573
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	4 338	4 772	5 249

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance

(Continued)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue									62 072	68 278	75 106
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>											
		-	-	-	-	-	-		26 484	29 132	32 045
Net Service charges - refuse revenue		-	-	-	-	-	-	-	35 588	39 146	43 061
<u>Other Revenue by source</u>											
Entrance Fee Parks									1 056	1 056	1 056
Refunds Received LGSETA									150	158	167
Tender Deposits									250	250	250
Photo copies									30	30	30
Other Revenue									491	591	593

Depreciation & asset impairment										
Depreciation of Property , Plant & Equipment								118 854	124 011	127 028
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
Total Depreciation & asset impairment	10	1	-	-	-	-	-	118 854	124 011	127 028
Bulk purchases										
Electricity Bulk Purchases										
Water Bulk Purchases								73 200	77 592	82 248
Total bulk purchases	1	1	-	-	-	-	-	73 200	77 592	82 248
Transfers and grants										
Cash transfers and grants			-	-	-	-	-	-	-	-
Non-cash transfers and grants			-	-	-	-	-	54 824	60 407	66 497
Total transfers and grants	1	1	-	-	-	-	-	54 824	60 407	66 497
Contracted services										
Refuse Removal								12 483	13 157	13 868
Security Services								12 473	13 147	13 857

Table 57 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Municipal Council	Vote 2 - Office of the Accounting Officer	Vote 3 - Budget and Treasury Office	Vote 4 - Corporate Services	Vote 5 - Community Services	Vote 6 - Planning & Development	Vote 7 - Infrastructur e & Technical	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates				109 634													109 634
Service charges - electricity revenue																	-
Service charges - water revenue								141 700									141 700
Service charges - sanitation revenue								4 338									4 338
Service charges - refuse revenue						35 588											35 588
Service charges - other																	-
Rental of facilities and equipment						15	1 056										1 071
Interest earned - external investments				9 500													9 500
Interest earned - outstanding debtors				51 500													51 500
Dividends received																	-
Fines, penalties and forfeits						5 000											5 000
Licences and permits						4 000											4 000
Agency services																	-
Other revenue				453	150	51	140	112									906
Transfers and subsidies		1 000		214 138		42 950		123 635									381 723
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		1 000	-	385 225	150	87 604	1 196	269 785	-	-	-	-	-	-	-	-	744 960
Expenditure By Type																	
Employee related costs		10 168	13 799	34 504	34 330	46 848	15 473	61 952									217 074
Remuneration of councillors		26 839															26 839
Debt impairment				44 000		11 244		41 210									96 453
Depreciation & asset impairment		2 281	10	548	5 900	17 278	270	92 566									118 854
Finance charges						3 924		2 905									6 829
Bulk purchases								73 200									73 200
Other materials		1 850		100	3 550	17 625	1 130	39 035									63 290
Contracted services						24 957											24 957
Transfers and subsidies																	-
Other expenditure		49 105	12 929	11 221	57 192	41 747	7 837	46 010									226 041
Loss on disposal of PPE																	-
Total Expenditure		90 244	26 738	90 373	100 972	163 623	24 710	356 878	-	-	-	-	-	-	-	-	853 538
Surplus/(Deficit)		(89 244)	(26 738)	294 851	(100 822)	(76 019)	(23 514)	(87 093)	-	-	-	-	-	-	-	-	(108 578)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		(89 244)	(26 738)	294 851	(100 822)	(76 019)	(23 514)	(87 093)	-	-	-	-	-	-	-	-	(108 578)

Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits									40 000	45 000	50 000
Other current investments											
Total Call investment deposits	2	-	-	-	-	-	-	-	40 000	45 000	50 000
Consumer debtors											
Consumer debtors									724 628	775 517	834 731
Less: Provision for debt impairment									(448 899)	(548 574)	(656 083)
Total Consumer debtors	2	-	-	-	-	-	-	-	275 729	226 943	178 648
Debt impairment provision											
Balance at the beginning of the year									356 446	448 899	548 574
Contributions to the provision									92 453	99 675	107 509
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	448 899	548 574	656 083
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)									2 517 980	2 727 565	2 950 903
Leases recognised as PPE											
Less: Accumulated depreciation									1 110 747	1 234 758	1 361 786
Total Property, plant and equipment (PPE)	2	-	-	-	-	-	-	-	1 407 233	1 492 807	1 589 117
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities									8 250	8 110	8 400
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	8 250	8 110	8 400
Trade and other payables											
Trade and other creditors									50 000	20 000	20 000
Unspent conditional transfers											
VAT											
Total Trade and other payables	2	-	-	-	-	-	-	-	50 000	20 000	20 000
Non current liabilities - Borrowing											
Borrowing									50 101	41 991	33 591
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	50 101	41 991	33 591
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation									25 278	25 278	25 278
Long Service Awards									12 469	13 342	14 276
Total Provisions - non-current		-	-	-	-	-	-	-	37 747	38 620	39 554
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance									1 708 442	1 787 672	1 851 918
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	1 708 442	1 787 672	1 851 918
Surplus/(Deficit)		-	-	-	-	-	-	-	(108 579)	(106 689)	(110 025)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	-	-	-	-	-	-	-	1 599 863	1 680 983	1 741 893
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	-	-	-	-	1 599 863	1 680 983	1 741 893

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Demographics												
Population									242 553	242 553	242 553	242 553
Females aged 5 - 14									35 099	35 099	35 099	35 099
Males aged 5 - 14									35 696	35 696	35 696	35 696
Females aged 15 - 34									75 483	75 483	75 483	75 483
Males aged 15 - 34									77 489	77 489	77 489	77 489
Unemployment									18 786	18 786	18 786	18 786
Monthly household income (no. of households)	1, 12											
No income									33 758	33 758	33 758	33 758
R1 - R1 600									12 532	12 532	12 532	12 532
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area									242 553	242 553	242 553	242 553
Number of poor people in municipal area									75 195	75 195	75 195	75 195
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics	3											
Formal												
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4								67 136	67 136	67 136	67 136
Dwellings provided by province/s									8 059	8 059	8 059	8 059
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	75 195	75 195	75 195	75 195
Economic	6											
Inflation/inflation outlook (CPIX)									6,4%	5,7%	5,6%	
Interest rate - borrowing									12,0%	12,0%	12,0%	
Interest rate - investment									7,5%	7,5%	7,5%	
Remuneration increases									7,0%	7,0%	7,0%	
Consumption growth (electricity)									n/a	n/a	n/a	
Consumption growth (water)									2,0%	2,0%	2,0%	
Collection rates	7											
Property tax/service charges									87,0%	87,0%	87,0%	
Rental of facilities & equipment									n/a	n/a	n/a	
Interest - external investments												
Interest - debtors									10,0%	10,0%	10,0%	
Revenue from agency services												

Total municipal services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Household service targets (000)											
<u>Water:</u>											
Piped water inside dwelling		-	-	-	-	-	-	6 000	6 200	6 500	
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	18 600	18 900	19 300	
Using public tap (at least min.service level)		-	-	-	-	-	-	44 295	44 295	44 175	
Other water supply (at least min.service level)		-	-	-	-	-	-	-	-	-	
Minimum Service Level and Above sub-total		-	-	-	-	-	-	68 895	69 395	69 975	
Using public tap (< min.service level)		-	-	-	-	-	-	6 300	5 800	5 220	
Other water supply (< min.service level)		-	-	-	-	-	-	-	-	-	
No water supply		-	-	-	-	-	-	-	-	-	
Below Minimum Service Level sub-total		-	-	-	-	-	-	6 300	5 800	5 220	
Total number of households		-	-	-	-	-	-	75 195	75 195	75 195	
<u>Sanitation/sewerage:</u>											
Flush toilet (connected to sewerage)		-	-	-	-	-	-	7 000	7 000	7 000	
Flush toilet (with septic tank)		-	-	-	-	-	-	5 000	5 000	5 000	
Chemical toilet		-	-	-	-	-	-	-	-	-	
Pit toilet (ventilated)		-	-	-	-	-	-	14 000	15 500	17 000	
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-	
Minimum Service Level and Above sub-total		-	-	-	-	-	-	26 000	27 500	29 000	
Bucket toilet		-	-	-	-	-	-	-	-	-	
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-	
No toilet provisions		-	-	-	-	-	-	49 195	47 695	46 195	
Below Minimum Service Level sub-total		-	-	-	-	-	-	49 195	47 695	46 195	
Total number of households		-	-	-	-	-	-	75 195	75 195	75 195	
<u>Energy:</u>											
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-	
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-	
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-	
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-	
Other energy sources		-	-	-	-	-	-	-	-	-	
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	
Total number of households		-	-	-	-	-	-	-	-	-	
<u>Refuse:</u>											
Removed at least once a week		-	-	-	-	-	-	-	-	-	
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	
Removed less frequently than once a week		-	-	-	-	-	-	75 195	75 195	75 195	
Using communal refuse dump		-	-	-	-	-	-	-	-	-	
Using own refuse dump		-	-	-	-	-	-	-	-	-	
Other rubbish disposal		-	-	-	-	-	-	-	-	-	
No rubbish disposal		-	-	-	-	-	-	-	-	-	
Below Minimum Service Level sub-total		-	-	-	-	-	-	75 195	75 195	75 195	
Total number of households		-	-	-	-	-	-	75 195	75 195	75 195	

Municipal in-house services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Reagentswe Trading 237		Removed at least once a week									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week							75 195	75 195	
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	75 195	75 195	
		Total number of households	-	-	-	-	-	-	75 195	75 195	
Water	Ref.	Location of households for each type of FBS									
List type of FBS service		Formal settlements - (6 kilolitre per indigent household per month R'000)							23 866 919	26 253 611	
		Number of HH receiving this type of FBS							22 397	22 846	
		Informal settlements (R'000)									
		Number of HH receiving this type of FBS							20 374	20 374	
Sanitation	Ref.	Location of households for each type of FBS									
List type of FBS service		Formal settlements - (free sanitation service to indigent households)							473 638	521 002	573 102
		Number of HH receiving this type of FBS							1 257	1 257	1 257

2.15 Municipal manager's quality certificate

IActing Municipal Manager of Moses Kotane Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Moses Kotane Local Municipality (NW375)

Signature _____

Date _____